

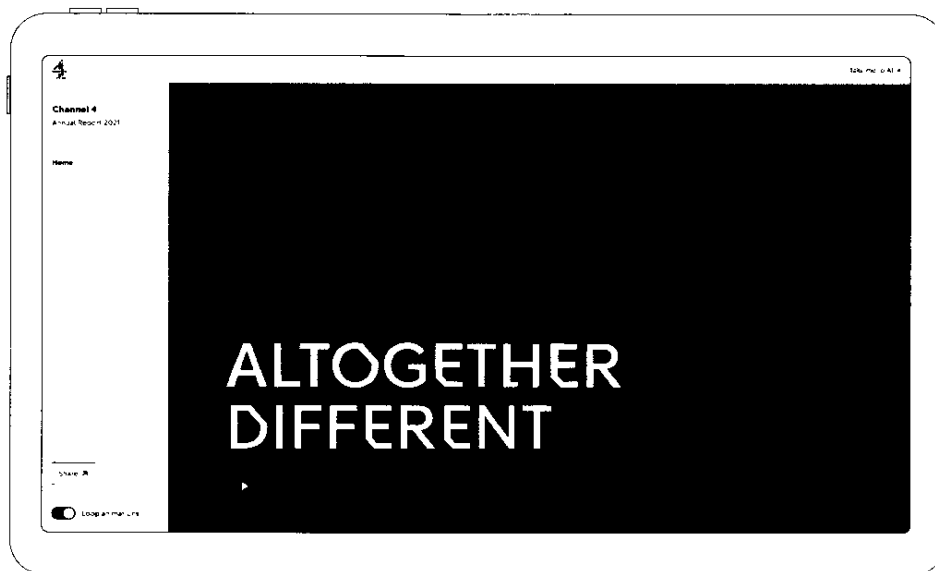
Channel Four Television Corporation Report and Financial Statements 2021

Incorporating the Statement
of Media Content Policy



Presented to Parliament pursuant to Paragraph 13(1)
of Schedule 3 to the Broadcasting Act 1990

annualreport.channel4.com



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More than one side to every story

Chair's Statement



40 years on from its creation, Channel 4's role has never been more vital to the UK, as it delivers a unique public service for viewers, invests hundreds of millions of pounds into the creative economy and supports tens of thousands of jobs across the UK.

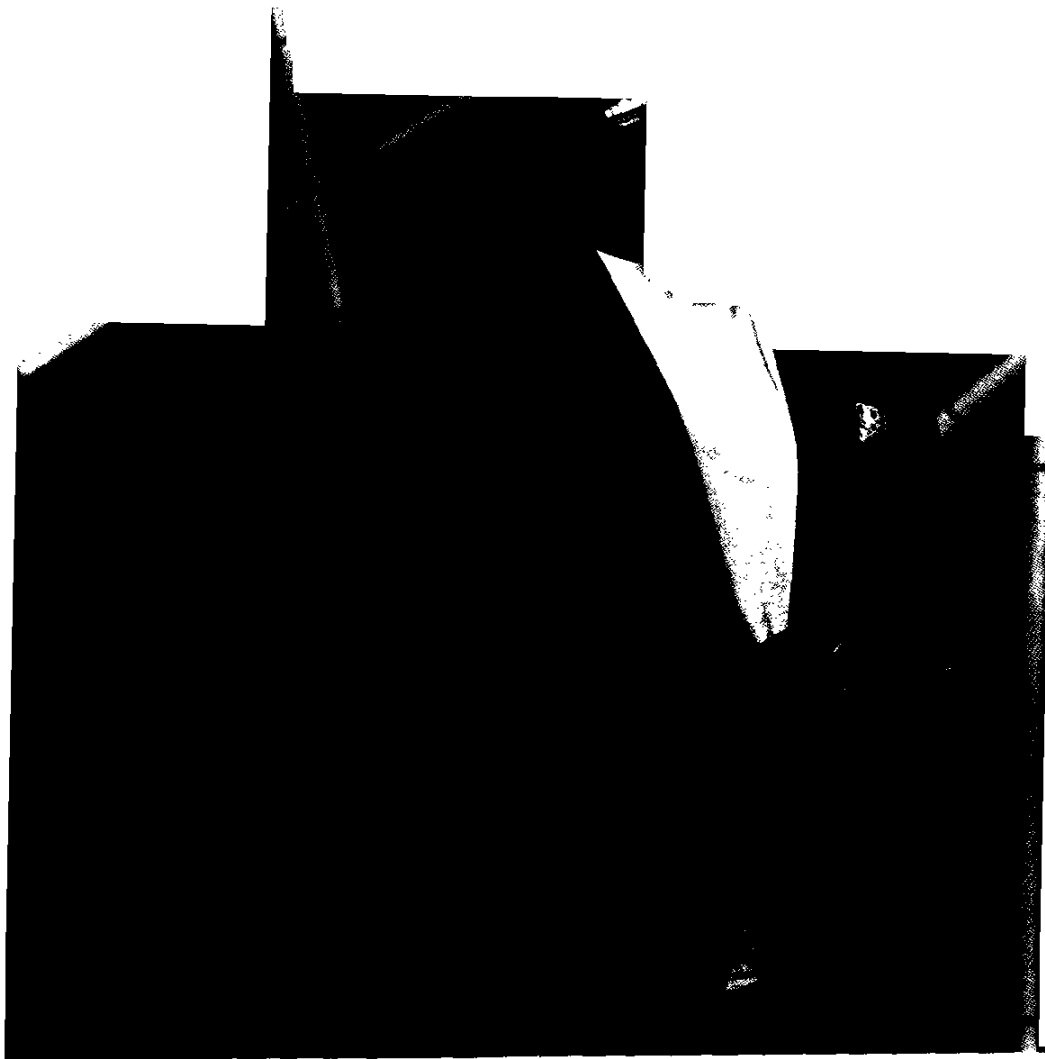
levelling in

creating change

creating change

Sir Ian Cheshire

levelling in



The Lateish Show with Mo Gilligan

“

Channel 4 directly invested £671 million into the creative economy in 2021 – our third-highest content spend ever, and above pre-pandemic levels as we reinvested our strong surplus from 2020 into the independent production sector.

Through our exceptional financial performance, we have built a strong balance sheet and reserves.

Chair's Statement continued

Entirely self-financed, Channel 4 generates all of its income through commercial activities, funding the delivery of its public remit and enabling it to commission all of its programmes from hundreds of the best independent producers across the UK.

I joined Channel 4 in April this year and I have been delighted by the organisation's laser focus on delivering a public service and spreading opportunity across the country, both on and off screen and throughout its supply chain. Channel 4 is levelling up the creative sector, creating new jobs and opportunities for all across the UK.

Channel 4 had a great 2021, delivering compelling content on screen, from dramas such as Russell T Davies' *It's A Sin* to Jack Thorne's *Help*, hard-hitting documentaries such as *Dispatches: The Black Maternity Scandal* or Davina McCall's *Sex, Myths and the Menopause*, and innovative new formats like *Murder Island*. Viewers responded positively to our content in 2021: across 12 remit tracker statements, we increased our average lead to 24 percentage points above the other main PSBs. Our remit is central to everything that we do, and it manifested itself across all of our platforms and genres.

Channel 4 directly invested £671 million into the creative economy in 2021 – our third-highest content spend ever, and above pre-pandemic levels as we reinvested our strong surplus from 2020 into the independent production sector. This investment into Britain's creative businesses – alongside our essential work in the Nations and Regions – is stimulating growth and innovation in one of the most dynamic and globally competitive sectors of our economy.

With TV advertising continuing to beat expectations in 2021, the organisation achieved record corporation revenues of £1.2 billion in 2021. Importantly, significant revenue growth stemmed from digital advertising (+40% year-on-year) and non-advertising revenues (+26%), reflecting the organisation's clear focus on digital growth and revenue diversification.

Through our exceptional financial performance, we have built a strong balance sheet and reserves. Channel 4 achieved a record pre-tax surplus for the second consecutive year in 2021, of £101 million – our first-ever three-figure surplus. Net assets grew by £114 million in 2021, to £556 million, which provides Channel 4 with a platform for further strategic growth and opens up new opportunities for longer-term investment in the coming years as we build on our ambitious Future4 strategy. This also underlines Channel 4's long-term sustainability, even through uncertain times.

Everybody's Talking About Jamie



As part of its Future4 strategy, Channel 4's digital transformation continued apace in 2021, ensuring that the channel remains relevant as a destination for the next generation of audiences and securing the organisation's long-term sustainability. Streaming views increased 21% in 2021, finishing the year on 1.5 billion views, reflecting the success of our digital-first approach. Channel 4's share of commercial impacts ('SOCl') among 16-34-year-olds decreased to 20.1% (2020: 21.3%) – a decline which had been anticipated given Channel 4's strategic digital-first focus, and as our competitors started to return key titles and live events to the schedule this year.

The marketplace in which Channel 4 operates remains highly competitive and dynamic, and the Board relentlessly monitors Channel 4's performance, potential risks and the changing landscape. It is our role to review the strategies and investment plans to ensure the continued delivery of Channel 4's remit and its long-term sustainability.

In April 2022, the Government published a White Paper in which it set out its intention to proceed with the privatisation of Channel 4. Channel 4 engaged in good faith with the Government throughout the consultation process, demonstrating how it can continue to commission much-loved programmes from the independent sector across the UK that represent and celebrate every aspect of British life as well as increase its contribution to society, while maintaining ownership by the public.

The proposal to privatise Channel 4 will require a lengthy legislative process and political debate, and inevitably has implications in terms of risks and opportunities for the organisation. We will continue to engage constructively with DCMS, Government and Parliament, whilst maintaining our focus on the delivery of our remit, to ensure Channel 4 carries on making its unique contribution to Britain's creative ecology and national life.

2021 saw changes to the Channel 4 Board. I would like to thank Althea Efunshile, Uzma Hasan, Fru Hazlitt, Tom Hooper and Stewart Purvis for their contribution during their terms. I would also like to thank Charles Gurassa for his stewardship of the Board since 2016. In addition, we welcome new Board members Dawn Airey, Tess Alps, David Kogan, Michael Lynton and Sarah Sands and look forward to working with them in the years ahead – they bring considerable relevant knowledge and expertise that will be invaluable to the Board going forward. Thank you to Dawn for acting as interim Chair until my appointment.

Finally, I thank all of my colleagues at Channel 4 for the outstanding results delivered this year, none of which would have been possible without their hard work, commitment and creative inspiration. As we embark on a new decade for this unique and beloved broadcaster, we have never been in better creative and commercial shape. I look forward with wonder to what the channel will achieve next.



2021 saw Channel 4 enthral audiences, deliver on its remit and successfully continue its transformation into a digital, young PSB. It was a strong year creatively and Channel 4 has never been more representative of the entirety of the UK

levelling in

creating change

creating change

Alex
Mahon

levelling in

Chief Executive's Statement continued



It's A Sin



Passing



Murder Island

Big moments included the 2021 Tokyo 2020 Paralympic Games (in which we covered more disabled sport than ever and featured a team of 70% disabled presenters) and the Black to Front Project (a world first in which we dedicated an entire day of programming featuring only Black talent, stories and contributors in order to make a step change in the industry), alongside distinctive programmes that only Channel 4 would make, such as *It's A Sin*, *We Are Lady Parts*, *Help* and *Davina McCall: Sex, Myths and the Menopause*.

Representing and reflecting our audiences is key within our content – but also in the make-up of our staff. Channel 4 made strong progress on equitable representation in 2021. With 18% of our staff being ethnically diverse, we are on track to reach our 20% target by next year. Crucially, we have also seen strong progress in our Top 100 leaders, nearly doubling the proportion of ethnically diverse leaders from 9% in 2017 to 17% in 2022. It is important that the externally-appointed Channel 4 Board equally reflects the diversity of the UK, and we hope to see this improve in due course, to ensure it is *more closely aligned with our ambitions*.

Channel 4 is an anti-racist organisation, and we pride ourselves on a culture that is both inclusive and diverse. We know that we can – and must – go further and we are determined to remain at the forefront of driving lasting, positive change across the creative industries and throughout the UK. It's at the heart of what we do and why Channel 4 exists.

Innovation and creativity

Through innovative partnerships and deals, in 2021 we created several key moments of shared national joy, bringing major sporting events to a free-to-air audience. These included the momentous US Open Tennis final featuring Emma Raducanu's historic win, Test Cricket on free-to-air for the first time in 16 years, the nail-biting Formula 1 finale between Lewis Hamilton and Max Verstappen, Paralympic sport and more. I'm delighted that we were named Sports Network of the Year 2021 at the British Sports Journalism Awards.

We also supported British creativity by experimenting with new shows, such as *Murder Island*, *I Literally Just Told You* and *Moneybags*. We worked hard to keep our best-loved brands, including *Gogglebox*, *The Great British Bake Off* and *Taskmaster*, feeling fresh. And we successfully grew our new returning brands, such as *The Dog House* or *Grayson's Art Club*. Off the back of this standout year, although our share of commercial impacts ('SOCl') among 16-34-year-olds declined slightly, we recorded a second consecutive year of growth across our portfolio viewing.

Despite the ongoing pandemic, our film business Film4 Productions, had its busiest year in some time. In 2021, Film4 released 13 new films – including global hits such as *Everybody's Talking About Jamie*, *Last Night in Soho*, *Passing* and the Palme d'Or winning *Titane* – reaching audiences in cinemas and streaming platforms. We also shot 12 films during the year, including exciting new projects from established directors as well as an exciting and diverse slate of debuts and films from newer names, such as Soudade Kaadan, Mark Jenkin and Babak Anvari.

2021 has been a year of British creativity and digital excellence for Channel 4, ensuring that we are able to continue our ambitions to support the creative industries and level up the UK.



Digital acceleration

Digital acceleration remained a key priority throughout the year, as we continued to excel as Britain's biggest free streaming service. We grew streaming views by 21% in 2021, continuing the strong growth we experienced in 2020 (26%). This demonstrates that our strategy has been successful and we ended the year in a position of digital success and strength, ahead of our broadcast peers in the UK and other territories.

We exceeded 1.5 billion views on All 4 for the first time ever (+21% year-on-year), reflecting the success of our digital-first approach. We are well on our way to achieving our Future4 target of 2 billion views by 2025, a central goal of our strategy, to ensure that Channel 4 remains relevant in an increasingly digital viewing landscape.

As a proportion of total Channel 4 viewing, streaming accounted for 13.1% of viewing, against 9.2% in 2020 – a significant increase that demonstrates Channel 4's commitment to digital acceleration, and is above the market average: for example, streaming accounted for around 4% of ITV's viewing in 2021. We also accelerated our approach to reaching audiences on social media in 2021, achieving over 11.3 billion views of social media content from our Leeds-based 4Studio business. 4Studio also became the biggest social media portfolio on YouTube and Facebook for UK 18-34-year-olds, reaching more of this group than any other global brand.

Record financial performance

Despite the continued effects of the Covid-19 pandemic, 2021 was a record year for Channel 4 financially, with the organisation exceeding £1 billion of revenue for the first time ever, to £1.2 billion (+25% year-on-year).

Of this, 19% stemmed from digital advertising revenue (against 17% in 2020), ensuring that we are on track to reach our target of 30% of revenue from digital advertising by 2025. Switching our revenues to digital rather than linear advertising is critical for our future growth.

As a result of our strong financial performance, we achieved a record result for the second year running, recognising a pre-tax surplus of £101 million. This record surplus will allow us to invest even further in content in 2022, even against a backdrop of economic uncertainty. From the outset 2021 was a year of significant reinvestment following reductions in content spend in 2020 due to the pandemic. In 2021, we invested £671 million in content, which was above pre-pandemic levels. Of this, £492 million was invested in originated content.

Supporting the UK's creative industries – and in particular the independent production sector – is why Channel 4 was created. We're able to support the production of British IP and help to grow innovative SMEs across the country.

Levelling up the UK

Only two years into our programme of work, Channel 4 is firmly embedded in the UK's Nations and Regions. Our 2023 targets when we announced our locations in 2019 were to voluntarily increase our Nations and Regions production spend from a quota of 35% to 50%; to establish our National HQ in Leeds and open two Creative Hubs in Bristol and Glasgow, which would be the home of up to 300 Channel 4 jobs; and to co-anchor the news from the Nations and Regions.

I'm very proud that we have achieved all of these ambitions two years ahead of schedule, a demonstration of our commitment to levelling up the country.

In 2021, 55% of our originated content spend was sourced from suppliers in the Nations and Regions, the highest level ever. We opened our National HQ in the Majestic building in the heart of Leeds in 2021, in addition to our offices in Bristol and Glasgow; and these are now the home of over 300 Channel 4 roles. And in 2021, we also started to co-anchor the news from across the Nations and Regions.

Across the UK, our teams work and collaborate with SMEs on a daily basis, helping to tell their stories and supporting their economic growth.

Investing in the next generation

In order to find, nurture and develop talent, and to open up opportunities in broadcasting, we turbocharged our Leeds-based training and development initiative 4Skills. This is a key part of our 4 All the UK strategy, helping to address skills gaps and remove barriers in order to ensure that off-screen talent can have a long, productive career in television without needing to be in London.

In 2021, we announced that we were expanding the 4Skills programme so that our initiatives would help 15,000 young people every year. This is an investment worth £5 million annually and includes: a new digital academy with placements for young people from lower socioeconomic backgrounds, a new pan-UK schools engagement programme (4Schools), and a new on and off-screen training programme for people with disabilities.

This year marks 40 years since Margaret Thatcher created Channel 4 and we are proud to continue enhancing our public contribution, spreading more opportunity across the country – on and off screen and through our supply chain.

In April 2022, the Government published a White Paper setting out its decision to proceed with a change of ownership for Channel 4. In our engagement with Government, we proposed a vision for the next 40 years of Channel 4, which we were confident would allow us to build on the successes of the first 40. That vision was rooted in continued public ownership, and was built upon the huge amount of public value our model has delivered to date – and the opportunity to deliver so much more in the future.

But ultimately, the ownership of Channel 4 is for Government to propose and Parliament to decide. The decision to privatise will inevitably have an impact on the organisation; existing risks may be amplified or new risks may emerge, all of which must be managed as we continue to deliver on our remit.

Our job is to deliver what Parliament tasks us to do, and if or when that changes, I am confident that this incredible organisation will respond with the relentless energy it has always displayed in pursuit of its goals and the remit – making incredible shows for our audiences, creating opportunities for young people and supporting the creative industries across the UK.

Thank you to all of my colleagues across the business, the Channel 4 Board and our creative and commercial partners for your ongoing support.

Channel 4's purpose

To create change through entertainment

We aim to create change in the wider world through all of our activities, from TV, to streaming, social media and film – and our day-to-day roles at Channel 4. It's the impact that Channel 4 has on society, on viewers, on British culture, on the creative industries and on the wider economy. It's why Channel 4 is – and will continue to be – altogether different.



When we talk about our purpose to create change through entertainment, we mean that much – if not most – of the content we air is suffused with purpose. That purpose may vary, as may our approach to pursuing it, as may the balance between entertainment and purpose for any given piece of content.

In some instances, we identify specific themes where we seek to make an impact on the attitudes and behaviours of our audience and commission programmes specifically designed to achieve that: 2021's climate change programming, or the brief we have issued looking for content that will change the national conversation around disability, are good examples of that.

In other cases, we use our factual programming – current affairs as well as documentaries – to highlight particular issues, often with the objective of exposing wrongdoing, unfairness or abuse of power. David Lammy's *Unremembered* was an excellent example of this, bringing to light a part of history that had never been told and leading to a change in Government policy, as was last year's *Rape: Who's On Trial* documentary and live debate, or *Torn Apart: Family Courts Uncovered*, the exposé of the secretive operation of the family courts which led to media being allowed in family courts for the first time.

Our recent documentary series on the *Jeremy Kyle Show* was another good example of this approach. By revealing the truth about what went on behind the scenes of the show, through vivid and impactful filmmaking, we have sparked a vigorous debate about exploitation of contributors in television which ultimately, hopefully, will lead to less exploitative treatment of ordinary people who appear on TV.

In other cases, we use more outwardly entertaining formats and approaches to inspire change around particular issues. Good examples of this are shows like *The Restaurant that Makes Mistakes* (treatment of dementia sufferers), *The Write Offs* (adult illiteracy), Joe Lycett's *Got Your Back* (consumer justice) or *The Simpler Life* (challenging materialist and connected modern lifestyle).

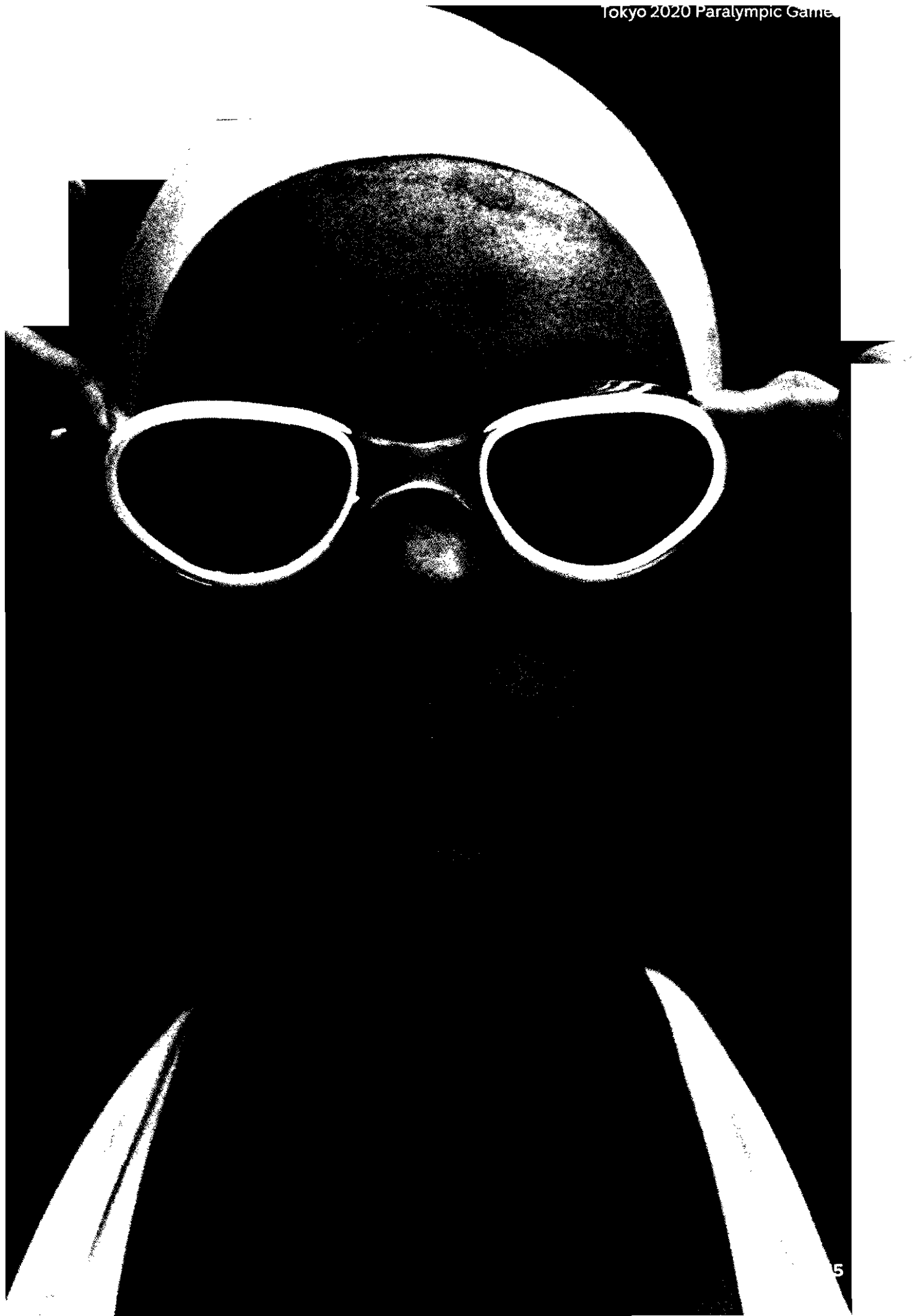
We also use on-screen representation to challenge assumptions about different groups, and promote greater tolerance and social cohesion. Good examples included the Black to Front Project, which we hope will have both an ongoing impact on the TV industry, but also on the way wider audiences view the Black community, and the range of areas in which Black viewers can see Black role models. We are ramping up our commitments to nurturing and progressing Black talent in the TV industry as part of our everyday work, using the learnings from the Black to Front Project to drive a more equitable TV landscape for all. The Paralympic Games and our programming around it is another strong example of using our commitment to better representation to change attitudes to one group in society. Similarly, the ground-breaking representation of young Muslim women in *We Are Lady Parts*, for instance, challenged perceptions of that group, as well as offering young Muslim women a different kind of role model.

Channel 4's vision

Represent unheard voices



Channel 4 has a strong commitment to representing the whole of the UK. It means using our strong brand and wide reach to elevate unheard voices – from diverse communities, emerging writers and producers, to those who have different points of view or experiences



Channel 4's vision

Challenge with purpose



We are here to challenge groupthink and hold power to account. We don't just challenge for the sake of it. We are here to test boundaries and challenge conventions, and inspire reflection and critical thought.







FUTURE



Channel 4 launched its Future4 plan last year to ensure it can continue to deliver significant impact for UK audiences and significant investment into the UK creative economy.

We have made strong progress on our way to achieving our five-year plan targets, and well ahead of schedule. This is allowing us to deliver more value to viewers, to support more jobs across the UK, and to project British culture, values and creative excellence overseas.

Deceit



Targets What we will achieve

- Double All 4 viewing to 2bn views by 2025
2019 baseline: 995m
2021: 1,518m
- Digital advertising to be at least 30% of total revenue by 2025
2019 baseline: £145m/15%
2021: £224m/19%
- Non-advertising to be at least 10% of total revenue by 2025
2019 baseline: £73m/7%
2021: £105m/9%

Rosie's Trip Hazard





1

Content Prioritise digital growth over linear ratings

A central goal of the Future4 strategy is to double All 4 viewing by 2025. To achieve this, we are dialling up our ambitions for All 4 and doubling down on the types of programmes that we know people love.

- Investing more in highly distinctive, young-skewing formats, which are the engines of All 4's success
- Using deeper audience insights to find shows that drive streaming
- Maximising use of our Leeds-based digital content hub, 4Studio, to produce more original shorts and grow branded digital entertainment

2

Viewers Put viewers at the heart of our decision making

Viewers' expectations are changing in a digital world. They expect Channel 4 to know how they watch, where they watch and why they watch. They expect more content, communications and experiences based on their motivations – not just their demographics.

- Using a more viewer-centric approach to inform activity and decisions across Channel 4
- Rolling out personalisation features on All 4, including smarter recommendations
- Evolving how we commission, schedule, plan and develop products, sell and market to put viewers at the heart
- Refining our channel brands and their connection with their editorial positioning

3

Commercial Diversify new revenue streams to underpin our sustainability

We have clear commercial targets as part of the Future4 strategy: digital advertising to be at least 30% of total revenue and non-advertising to be at least 10% of total revenue by 2025.

- Innovating our core advertising proposition for a digital world through data-driven targeting, including allowing clients to 'bring their own data' to target All 4 viewers via our BrandMatch offer
- Diversifying our revenue streams by making the most of our ad-free All 4+ proposition and scaling the Indie Growth Fund and Channel 4 Ventures further, as well as launching new Global Format Fund
- Providing innovative partnership opportunities for our clients, including creative solutions, ad-break takeovers, short form and long form branded content and access to talent

4

Partnerships Focus on strategic partnerships to compete more effectively

Channel 4 has partnership in its DNA and our success is built upon working with other organisations – existing partnerships include Snapchat, TikTok and YouTube among others – and these will become even more important in the future.

- Building upon our network and forging new arrangements to get our content in front of the right audiences, more of the time
- Further developing mutually beneficial collaboration in production, advertising, distribution and technology

4 All the UK

“

Channel 4 has been a great place to work for me. I've learned a lot from my colleagues and the management team. I've also had the opportunity to work on some really interesting projects. I'm proud to be part of the Channel 4 team and I look forward to continuing to work with them in the future.



55%

400



AltheUK

2021 at a glance

A selection of highlights from 2021 – please see p146 for year-on-year progress on our key performance indicators, aligned with Channel 4's Future4 strategy.

Digital acceleration

19% of total corporation revenue comes from digital advertising

(2020: 17%)

the £224m record digital advertising revenue (+40% year-on-year) puts Channel 4 well on target to reach its 30% digital revenue Future4 target by 2025

+21% growth in programme streaming views

we grew our programme streaming views to over 1.5 billion in 2021, the biggest ever increase in absolute terms and a second consecutive year of double-digit growth

Biggest free streaming service in the UK

with >14,500 hours of content available to stream on All 4

13% of total Channel 4 viewing from streaming

an increase from a proportion of 9.2% from streaming in 2020, demonstrating Channel 4's digital acceleration

The Electrical Life of Louis Wain



The Circle



Financial success

£1.2bn corporation revenue (+25%*)

a new record and exceeding £1 billion for the first time ever

* +25% on 2020, +18% on 2019

£101m pre-tax surplus (+£27m)

a record, highest ever, result for the second year running in 2021 and recognising a three-figure surplus for the first time ever

£272m net cash reserves* (+£71m)

our record surplus has driven a £71 million increase in our cash reserves versus 2020, to reach our second highest-ever closing cash position and net assets of £566 million

* Net cash reserves reflect the sum of the Group's cash and cash equivalents and other financial assets net of cash borrowings at the balance sheet date, defined on p205

Must-watch content

Highest main channel viewing share growth since 2013

+3% growth in main channel viewing share to 6.1%, during a year in which audiences' viewing habits started to return to normal after pandemic lockdowns in 2020

+3% growth in main channel viewing share amongst ethnically diverse audiences to 5.4%

our highest ethnically diverse annual share since 2012

+1% growth in viewing share to our TV channel portfolio to 10.3%

we increased our TV portfolio viewing share year-on-year for the second consecutive year

15% portfolio viewing share among 16-34-year-olds (-5%)

linear share among young people fell slightly in 2021 as viewers migrated to streaming and social for content and competition increased

Nine of the 10 youngest-profiling shows on the UK PSB channels were on Channel 4

as the public service broadcaster for young people, Channel 4 works hard to engage with its audience however and wherever they watch TV

Supporting the creative industries

66% of content sourced from SMEs based in the Nations and Regions (+8pts)

the highest ever volume of originated content on the main channel in Channel 4's history, as we work to represent the whole of the UK. By spend, 55% of our expenditure was sourced from companies outside of London

£671m total content spend (2020: £522m)

a significant year-on-year increase following 2020's Covid-related reductions, as we reinvested our strong surplus from 2020 into the UK's creative industries

£492m spend on originated content (2020: £370m)

reflecting our impressive remit delivery and investment in the independent production sector

164 independent producers worked with in 2021 (2020: 161)

294 companies worked with in total, with growth particularly strong amongst digital media companies as our new Future4 strategy was rolled out









Represent unheard voices

Throughout the year – from 2021's piercing drama *It's A Sin* to the groundbreaking Black to Front Project, from the incredible Tokyo 2020 Paralympic Games to our Leeds-based daytime show *Steph's Packed Lunch* or the smash hit *We Are Lady Parts* – Channel 4 has represented the whole of the UK in all of its glorious difference. It's about levelling up. Being uniquely British. Uniquely Channel 4.

Four areas of focus:

-  British creativity
-  Digital excellence
-  Nations and Regions
-  Young and diverse



ALtoGETHER DiFFERENT

“You’re different. We’re different. Altogether Different.” In 2021, Channel 4 launched a new brand platform that celebrates what makes the channel distinct by showcasing some of our best-loved shows. Through all of our content and activities, we represent unheard voices, giving a voice to those who are not often heard on TV.



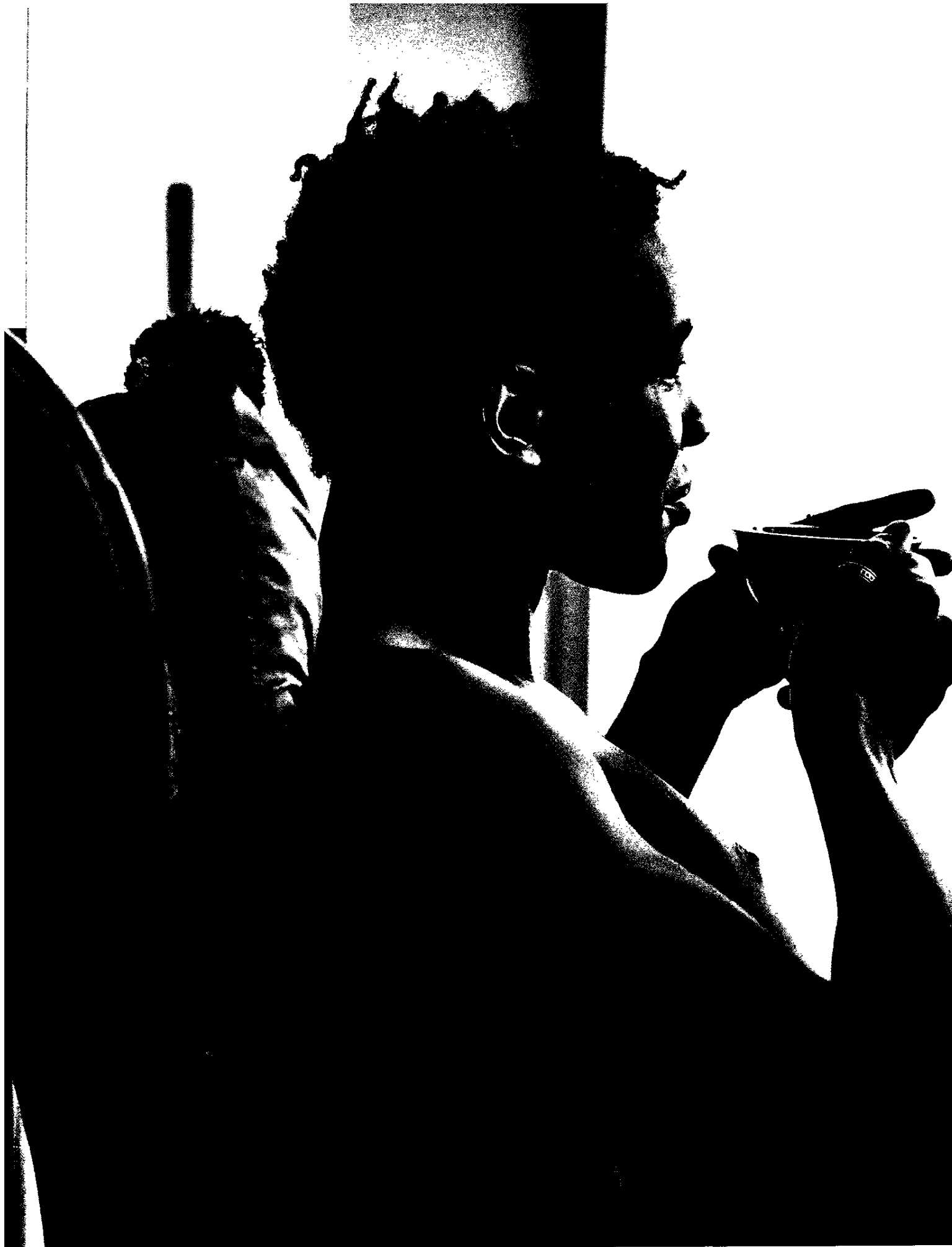
Altogether Different campaign



As part of our Future4 strategy, last year we set out a clear intention to relaunch the Channel 4 brand. Altogether Different is what Channel 4 stands for, and is used across all of our linear, digital and social media channels. It illustrates how Channel 4 celebrates difference in an entertaining, inclusive way, reflecting the whole of the UK through a broad range of impactful public service content.

We launched the campaign in July 2021, and had a second burst in November featuring more than 30 of Channel 4's famous faces and rising stars. Opening with a twist on the film classification system by rating viewers 'W for Weird' – as signed by Channel 4's Chief Executive Alex Mahon – Davina McCall went on to tell viewers: “There’s nothing normal about this place or anyone who lives here.”

Four in ten UK adults said they felt more positively towards Channel 4 after seeing the latest trail, and this figure was even higher for 16-24-year-olds (65%), 25-34-year-olds (50%) and ethnically diverse adults (59%).





Never before in my lifetime has a TV show had such a profound effect on people from all walks of life.

Ian Green, CEO of Terrence Higgins Trust



It's A Sin

It's A Sin

Crystallising Channel 4's remit to represent unheard voices, *It's A Sin* exploded onto British television at the start of 2021 and became one of the most defining and impactful shows in a generation.

The five-part series from BAFTA-winning writer Russell T Davies followed a group of friends living in London through the 1980s – a decade that began, for them, with sex, love and freedom but was soon darkened by the looming AIDS crisis.

Described by critics as a “masterpiece” (*The Guardian*) and a show that “exists in a place beyond television entertainment” (*Evening Standard*), *It's A Sin* was an immediate smash hit, becoming All 4's most popular drama launch and biggest instant box-set, with all episodes released on demand immediately. With more than 26 million views (and counting), it remains All 4's biggest series ever.

It's A Sin wasn't just a success with viewers. As the first mainstream series to address the British experience of the AIDS crisis, the drama was credited by audiences for tackling difficult issues and giving a voice to those often marginalised in society (95% of viewers agreed); helping to remove stigma surrounding HIV/AIDS (87%); and showing LGBTQ+ relationships in a true light (71%).

After watching *It's A Sin*, Norman Fowler – who was the minister responsible for the public health campaign ‘Don't Die Of Ignorance’ in 1987 – brought forward his decision to end his role as Lord Speaker in the House of Lords so that he can devote his Parliamentary activity to campaigning on HIV/AIDS.

The Terrence Higgins Trust reported that the programme sparked a 3,100% jump in searches for ‘Why was AIDS so deadly in the 80s?’ and prompted a huge surge in HIV testing. “Never before in my lifetime has a TV show had such a profound effect on people from all walks of life,” said the charity's CEO Ian Green.

Interview with Russell T Davies

Q *It's A Sin* is a story told through the experiences of a group of young gay men, but the themes of family, friendship, community and identity transcend demographics – is it important to you that this drama resonates with audiences from a whole range of backgrounds?

A Oh, absolutely! At its heart, *It's A Sin* is about a bunch of people leaving home and doing what we all do, which is find our own family. A family constructed of friends, and friends of friends, even friends' mothers. You build that for yourself. And I've written that many times. So I love writing about it. In writing a series about death, death is just the full stop, you've got to write the great big sentence that comes before.

Q There hasn't really been a drama of this scale exploring the British experience of the AIDS crisis until now. Why?

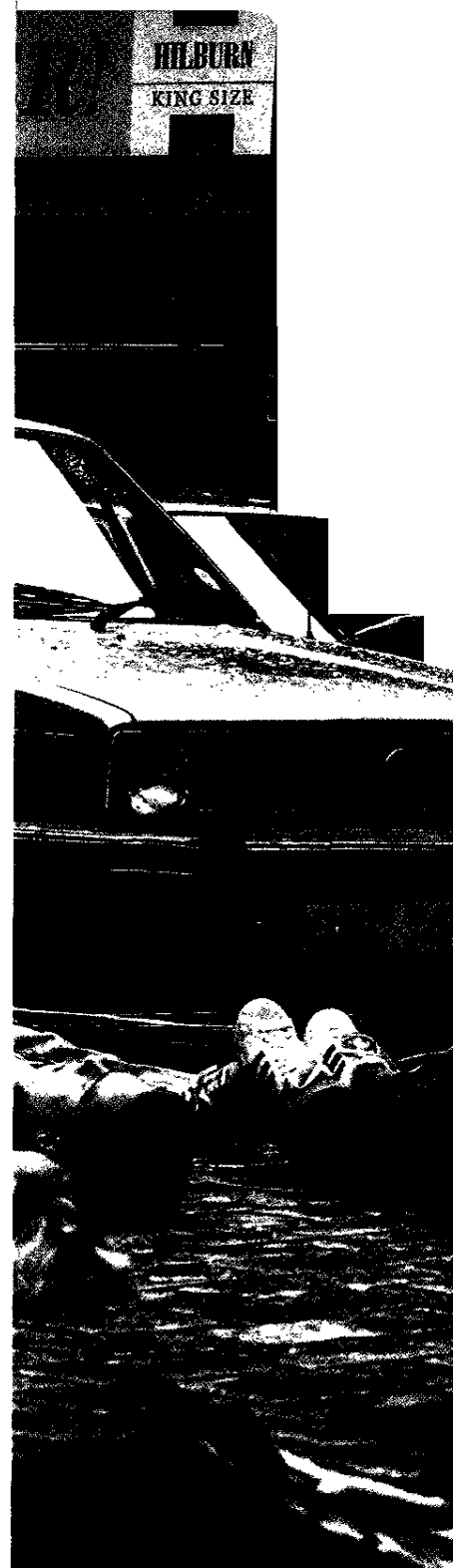
A I wanted to see the British perspective. It does exist, it's there in films like *Pride*, very beautifully stated, and there's this whole body of work that I've seen, such as *The Inheritance* and *Angels in America* – among the finest things that have been written – or *The Normal Heart*. I was very aware of those pieces of work. But I very much wanted to find my own place alongside them, not repeating what they've done.

In some ways, the urge to be new is the least important thing. Because it's stories like this that need restating again and again. I'm very aware that younger generations are growing up not knowing anything about this period. And actually, let's be honest, people who were there at the time don't know anything about it either. And there are those who have happily forgotten such a bad time, and I don't blame them for that. So it was a matter of me finding my place in there. It's an awful subject, it's a delicate subject, but it's an honour to write about it.

What's been your experience of the impact *It's A Sin* has had on viewers?

Since *It's A Sin* aired on Channel 4, I've received emails, texts and DMs every day, telling me how lives have changed as a result of the show. Families now able to tell the truth about how their uncle died; men and women freely stating their HIV status out loud, for the first time, without shame; charities telling me that HIV testing numbers have gone through the roof. More than £500,000 for charity has been raised from the sale of a single t-shirt design, based on the show's catchphrase.

That, to me, is public service broadcasting. Far more than a service. It's a joy.





“

I wanted to
see the British
perspective.

Russell T Davies

“

I've never been so happy watching UK telly. Literally ALL DAY. Adverts included #BlackToFront.

Celebrity Gogglebox





The Black to Front Project

On 10 September, we disrupted our entire programming schedule to showcase Black talent, both on and off screen.

The Black to Front Project was a takeover on an epic scale. It took a year to plan and involved every slot, every genre and every corner of Channel 4. No other broadcaster had attempted this before.

From *Celebrity Gogglebox* and *Hollyoaks* to *Countdown* and *Love It or List It*, we put Black voices front and centre of a swathe of our most popular programmes. *Channel 4 News* featured an all-Black reporting team, and *The Big Breakfast* was resurrected for the first time since 2002, with comedian Mo Gilligan and presenter AJ Odudu hosting alongside original newsreader Phil Gayle.

We also commissioned a raft of brand-new shows, including *Big Age* from up-and-coming writer Bolu Babalola; late-night talk show *Unapologetic* hosted by Yinka Bokinni and Zeze Millz; and Britain's first Black reality show *Highlife*.

We transformed our entire commercial schedule, too. In a world first, every single commercial break across the day featured ads with a Black lead or a majority Black cast. A huge logistical feat, more than 60 brands took part, with 70 campaigns across Channel 4 and More4. No other mainstream broadcaster in the world has ever done something like this.

And we worked hard with our indie partners to recruit from outside their usual networks and bring in more Black talent behind the cameras.

The Black to Front Project reached 11.6% of the TV population and opened an important conversation around Black representation. 60% of viewers agreed that it highlighted the breadth and depth of Black British talent and 51% acknowledged that it made them think about the challenges faced by Black people in a different way.

The takeover was just the start. The project has galvanised us to look at the programmes we make and how we make them, and to take further steps to make our industry more representative. In November, we gathered the British TV industry at our Inclusion Festival to share insights, ideas and lessons learned. Working closely with The Sir Lenny Henry Centre for Media Diversity, we will continue to amplify Black voices in front of and behind the camera. We want to make sure the Black to Front Project leaves a lasting legacy, and are publishing our long-term plans in the first half of 2022.



Authentic views from across the UK

Channel 4 is proud of its long history of inclusion and diversity. Ensuring that diverse voices are portrayed on screen in an authentic manner, across all of our genres, is a key element of our public service remit. Highlights on All 4 and Channel 4 this year included moving towards more balanced and accurate representations of all types of lived experience – whether disability, gender, sexuality, ethnicity, diversity of thought and diverse voices from all over the UK.

The *Dispatches* strand explored the reality of employment and the future of work through *Low Pay Britain*, shining a light on the gig economy and how workers across the country have felt the impact of Covid-19, lockdowns and Brexit.

Nida Manzoor's anarchic, joyful and irreverent music comedy *We Are Lady Parts* – named by *The New York Times* as one of the year's best pieces of TV – told the laugh-out-loud story of a female Muslim punk band, as never before seen on British TV, and performed strongly as a box-set on All 4.

The award-winning *Trip Hazard: My Great British Adventure*, saw comedian Rosie Jones travel across the UK. 84% of viewers of the show agreed that having disabled presenters on TV helps people understand disability better, while 83% agreed that the series helped to challenge perceptions of what it means to be disabled.





As the official UK broadcaster of the Paralympic Games, Channel 4 continues to transform attitudes towards disability across the UK.

Held in the midst of a global pandemic, we knew that Tokyo 2020 would be the most challenging Paralympic Games to cover in the decade since our ground-breaking coverage began for London 2012 – yet we vowed to raise the bar even higher.

We revved up the nation with our ‘Super. Human.’ marketing campaign – made by Oscar-nominated cinematographer Bradford Young – and build-up programming included *Billy Monger: Changing Gear*; *Jonnie’s Blade Camp*; *Michael Johnson Meets...* and *Come Dine With Me: Paralympics Special*.

For the Paralympic Games themselves, we brought together the largest team of disabled talent in UK television history and provided more coverage than ever before: over 300 hours on Channel 4 and More4, plus more than 1,000 hours on 16 live streams on our Paralympics website.

The most captivating moments were highlighted across social media and through our five daily social media shows. Our bespoke TikTok Paralympics Hub clocked up 4.1 million views, helping us to reach new and younger audiences.

While Covid-19 restrictions meant that we were not able to send as large a team to Tokyo as was originally planned, our production teams and presenters still succeeded in conveying the atmosphere and excitement of the Games. Whether it was Ade Adepitan helming a daily highlights show from a Tokyo taxi, or Clare Balding anchoring live Paralympics action in Leeds, we pulled together top-level sporting action and entertainment for all our viewers. And we made sure everyone could enjoy it. We offered subtitles on all Channel 4/More4 Paralympics coverage, making Tokyo 2020 the most accessible Paralympic Games ever.


Our coverage was watched by more than 20 million people – a third of the UK population. Viewers credited it with bringing important but difficult issues to a mainstream audience (80% agreed) and making them think about the challenges facing disabled people in a different way (77%). “Channel 4 has done so much to elevate the way Paralympic sport is seen in this country,” says Mike Sharrock, CEO of the British Paralympic Association.

Tokyo 2020 Paralympic Games

hill

watched our coverage of the Paralympic Games live and on All 4. Viewers credited the coverage for bringing important but difficult issues to a mainstream audience.





This is a show about a
diverse group of women
and for it to be about
joy feels radical.

@Anjana Vasan
Amina in We Are Lady Parts

Girls to the front

We Are Lady Parts

#WeAreLadyParts

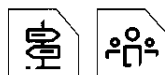


#WeAreLadyParts

labels to the back



Our school drama *Ackley Bridge* shows that if you offer young viewers a good emotional story that reflects their lives without soft-soaping them, then they will become immersed.



Ackley Bridge

Hit series *Ackley Bridge* has amassed a devoted young audience that continues to grow with each season.

The RTS award-winning drama is set in a newly formed academy in a Yorkshire mill town. Here, the lives and cultures of the Asian and White communities collide, giving an honest and humorous insight into modern, multicultural Britain. "The show doesn't shy away from the difficulties that a diverse, multi-cultural school can face. It celebrates differences, challenges stereotypes and embraces the fundamental themes that bring us all together," says actress Jo Joyner, who plays headteacher Mandy Carter.

After a two-year hiatus, the long-awaited fourth season of *Ackley Bridge* hit screens in April 2021, with a brand-new format and a cast of both familiar favourites and fresh characters, who we watched settling down (and playing up) at school. Instead of the usual hour-long episodes at 8pm, the series moved to a 6pm teatime slot, best suited to reaching a young audience, with ten 30-minute programmes played out across two weeks. The whole series was released as an instant box-set on All 4.

Season 4 racked up 5.8 million views. Watched by 2 million 16-34-year-olds, it is our highest youth-skewing drama since 2015's *This Is England '90*.

Ackley Bridge shows that if you offer young viewers a good emotional story that reflects their lives without soft-soaping them, then they will become immersed.



Being the young
people's public
service broadcaster



nine of
the ten

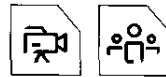
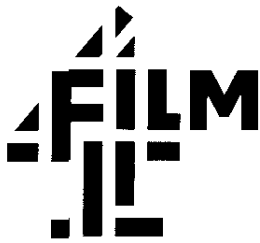




7.8%

12%





One of Channel 4's key channels for giving a voice to the unheard is through film. This allows us to not only tell uniquely British stories that appeal to audiences in the UK, but to play a vital role in promoting British culture and values internationally.

In 2021, despite the challenging environment – with Covid-19 restrictions hampering production and keeping cinemas shut for long periods – Film4 enjoyed one of its busiest and most successful years. Over the course of the year, Film4 shot 12 films, launched 11 more at film festivals around the world, and premiered 13 Film4 productions in cinemas or via streamers.

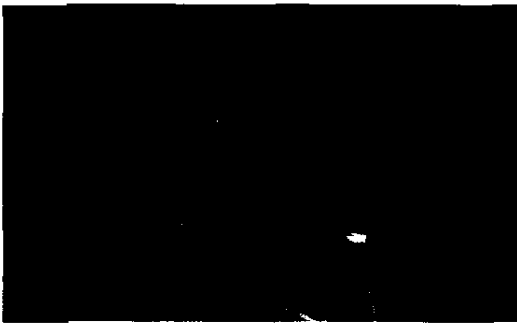
In a bespoke initiative to support the beleaguered UK exhibition sector, Film4 partnered with Park Circus in June to offer a programme of classic Film4 productions in cinemas, as they attempted to woo back post-lockdown audiences. The six films – *Trainspotting*, *Brassed Off*, *My Beautiful Laundrette*, *Bhaji on the Beach*, *Local Hero* and *Sexy Beast* – illustrated Film4's legacy of bold, iconic, distinctively British cinema, but also our historic commitment to diversity and inclusion.

In 2021, Film4 worked with a number of new filmmakers, including Mark Jenkin, whose 1970s 'ecosophical' horror film *Enys Men* is his follow-up to the acclaimed *Bait*; Oliver Hermanus shot his first film outside his native South Africa, *Living*, a reimagining of Kurosawa's beloved classic *Ikiru* transplanted to 1950s England, scripted by Sir Kazuo Ishiguro and starring Bill Nighy and Aimee Lou Wood. Babak Anvari shot thriller *I Came By*, starring George Mackay, Hugh Bonneville, Percelle Ascott and Kelly Macdonald; and *The Beautiful Game*, starring Michael Ward and Bill Nighy, comes from director Thea Sharrock.

Soudade Kaadan shot Syria-set drama *Nezouh*, while Basil Khalil was able to complete production of his debut feature *A Gaza Weekend*, begun in 2020.

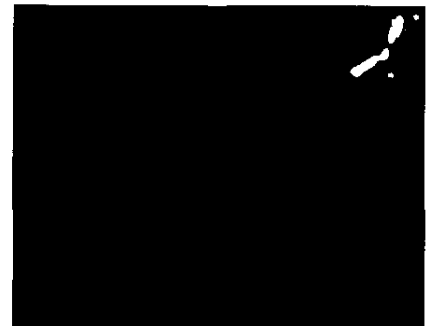
Film4 titles enjoyed considerable awards successes. *The Father* triumphed at the Oscars in April, with Sir Anthony Hopkins winning Best Performance by an Actor in a Leading Role, and Sir Christopher Hampton and Florian Zeller winning Best Adapted Screenplay. It won in the same two categories at the BAFTAs, where *Rocks* also saw twin success with Lucy Pardee winning Best Casting and Bukky Bakray beating out stiff competition to win the EE Rising Star Award for her debut role.

The Forgiven



The Father

Last Night in Soho





Dream Horse

At the Cannes Film Festival in July, Julia Ducournau became only the second female filmmaker in the festival's 75-year history to win the Palme d'Or for the explosive Film4-backed *Titane*.

When cinemas reopened, Euros Lyn's Welsh horse-racing drama *Dream Horse* was one of the first out of the gate, followed by *The Father* and three debut features: Prano Bailey-Bond's *Censor*, Cathy Brady's *Wildfire* and Ben Sharrock's English language debut *Limbo*.

The autumn saw three productions launch on streaming platforms: Film4's adaptation of smash hit stage show *Everybody's Talking About Jamie* rolled out in September to 240 countries on Amazon Prime Video, which also released *Encounter*, starring Riz Ahmed and Octavia Spencer, Michael Pearce's follow-up to his Film4-backed debut *Beast*. And Netflix gave a global release to Rebecca Hall's critically acclaimed directorial debut *Passing* starring Tessa Thompson and Ruth Negga.

Rounding off the year's cinema releases were Edgar Wright's love letter to Soho past and present *Last Night in Soho*; Eva Husson's adaptation of Graham Swift's *Mothering Sunday*, starring Colin Firth, Olivia Colman, Josh O' Connor and Odessa Young; the first Black British festive romcom *Boxing Day*, the directorial debut of writer, director and star Aml Ameen; *Flowers* director Will Sharpe's *The Electrical Life of Louis Wain* starring Benedict Cumberbatch and Claire Foy; and Palme d'Or winner *Titane*.

Foresight, an anthology of five Sci-Fi short films from Black British filmmakers commissioned by Film4, also screened at select UK cinemas ahead of broadcast on the Film4 channel and All 4.

Three Film4 titles launched at film festivals in 2021 and are due to be released in 2022: *The Real Charlie Chaplin*, from BAFTA-winning directors Peter Middleton and James Spinney, secured a prestigious slot at the Telluride Film Festival; while John Michael McDonagh's *The Forgiven*, starring Jessica Chastain and Ralph Fiennes, and Lucile Hadzihalilovic's haunting, hallucinogenic *Earwig* both wowed at the Toronto International Film Festival.

Film4 reunited with a number of acclaimed filmmakers for new projects: Martin McDonagh brought back his *In Bruges* cast of Colin Farrell and Brendan Gleeson for the darkly comic *The Banshees of Inisherin*; Emma Stone, Willem Dafoe and Mark Ruffalo headlined the cast of *Poor Things* from Yorgos Lanthimos (*The Favourite*, *The Lobster*); Jonathan Glazer (*Under the Skin*, *Sexy Beast*) began shooting Auschwitz-set drama *The Zone of Interest*; while Steve McQueen (*Twelve Years a Slave*, *Widows*) also tackles an aspect of World War Two in his first non-fiction feature film *Occupied City*. Finally, hot on the heels of his Oscar success with *The Father*, Florian Zeller shot his next film *The Son*, starring Hugh Jackman, Laura Dern and Vanessa Kirby.

“

To look at a list of Film4 productions is to essentially look at the best of British film over the past 40 years.

Empire



Everybody's Talking About Jamie

In addition to representing Unheard Voices on screen, Channel 4 works hard off screen to help the creative industries be more representative of the whole of the UK.

4Skills



Content Creatives



Offering young regional talent specialist training, real-life paid experience and skills can open an entirely new career to people in the Nations and Regions. It is the perfect example of what we want to achieve with our 4 Across the UK strategy.

Sinéad Rocks,
Managing Director, Nations and Regions



Our training and development initiative, 4Skills, is turbocharging our efforts to find, nurture and develop talent. We're opening up opportunities in broadcasting – both in front of and behind the camera.

Launching 4Skills was a key part of 4 All the UK, as it helps address the skills gaps that are barriers to growing out of London production. We want to ensure that off-screen talent in the Nations and Regions can have long, productive, creative and profitable careers in television without having to move to London.

Despite the challenges of lockdowns and other Covid-19-related social restrictions, we rapidly expanded the 4Skills offer in 2021.

For the first time ever, our Production Trainee Scheme was entirely based in the Nations and Regions. After encouraging applications from diverse candidates, we had around 5,000 applications for 18 researcher roles across the UK. 4Skills pays for 50% of the trainees' 12-month salary (with independent producers paying the remaining 50%) and we provide training, mentoring and networking.

In-house, we relaunched and extended our Apprenticeship Programme after 2020's hiatus, welcoming 28 new apprentices across the business – from finance and operations to marketing and commissioning, with half of the roles based in Leeds. Both the Production Trainee Scheme and our Apprenticeship Programme have continued to build and expand in 2022.

A new grassroots talent programme, Content Creatives, was a collaboration between 4Studio, Channel 4's Leeds-based digital content studio, and SharpFutures, a social enterprise focused on young people from lower socioeconomic backgrounds with a passion for content. Participants in the fully paid programme benefited from six weeks learning creative, digital and soft skills, followed by six weeks embedded in 4Studio.

We also worked with other partners to support entry-level opportunities such as the eight-month 'rad' traineeship scheme in Scotland or the De Montfort University Investigative Journalism MA. Across the board, we reduced barriers to access by providing bursaries for travel and relocation expenses.

4Skills also supports the progression of those already in the industry. We worked closely on tackling skills gaps with major partners such as ScreenSkills, as well as individual training providers and indies. Our partnership with the National Film and Television School delivered training opportunities for close to 1,000 young people throughout the year, including bespoke editing, producing and self-shooting training as part of the Black to Front Project, and several weeks of free online short courses and masterclasses that attracted hundreds of applicants.

We extended our successful Fast Track Wales scheme to support talent in Bristol, and rolled out equivalent programmes in Scotland and Northern Ireland in partnership with Screen Scotland, Northern Ireland Screen and the BBC.

We ran 'hub' days in Leeds, Bristol, Glasgow, Belfast and Cardiff that gave people working in the Nations and Regions further opportunities to engage with the channel, and to take part in workshops on areas such as legal and business affairs.

From 2022, we will supercharge 4Skills so that its training and development initiatives help over 15,000 young people every year in investment worth £5 million annually. Growing in scale and working with our external partners, this will include a new digital academy with paid three-month training and work placements for young people from lower socioeconomic backgrounds, a new schools engagement programme, and a new on and off-screen training programme for people with disabilities in preparation for the Paris 2024 Paralympic Games.



Channel 4's new National HQ in Leeds sends a hugely important message of inspiration, aspiration and ambition. It says: 'You can be part of this industry. You don't have to move 200 miles away. You can make a career from here.' For the whole region, and particularly for the more economically deprived parts of Yorkshire, that is game changing.

Sally Joynson, CEO (former), Screen Yorkshire

training, development and learning opportunities for young people across the UK from 2022

took part in 4Skills training, engagement and events in 2021





of participants at NFTS training week identified as from lower socioeconomic background



Challenge with purpose

At its most impactful, Channel 4's content exposes the truth and acts as a powerful catalyst for change. Through our best-in-class news and current affairs, our challenging documentaries and searing dramas, we're unafraid to say something about modern Britain.

Four areas of focus:

-  British creativity
-  Digital excellence
-  Nations and Regions
-  Young and diverse



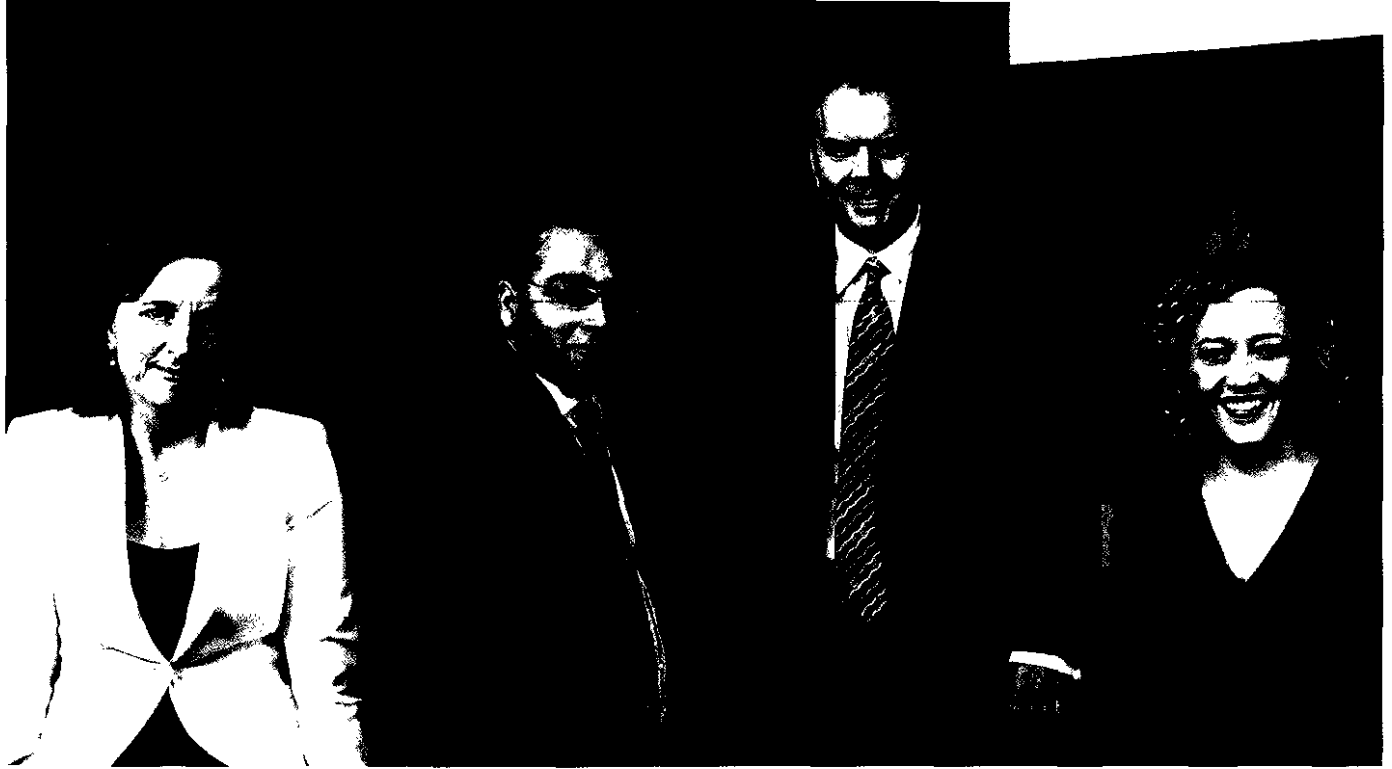
Jon Snow

Fatima Manji



10.1m

followers on social media



Channel 4 News



Channel 4 News

Renowned for its high-quality journalism, hard-hitting stories and global impact, Channel 4 News provides news and analysis for people who want to know 'why?'. It's a key element of Channel 4's remit to deliver high-quality innovative, alternative content that challenges the status quo.

Key editorial highlights for 2021 included Lindsey Hilsum's on-the-ground reporting from Afghanistan; Jamal Osman's coverage of the Tigray conflict in Ethiopia; and Ayshah Tull's reports on the St Vincent volcanic eruption. Krishnan Guru-Murthy also hosted the first UK-wide televised debate of Scotland's main party leaders. The year also saw the end of an era as acclaimed broadcaster and journalist Jon Snow stepped down after 32 years at *Channel 4 News*.

Channel 4 News has continued to achieve huge success with reaching audiences digitally. On Twitter, a video on Professor Chris Whitty responding to concerns that the NHS was prioritising Covid over other serious health issues drew 3.3 million views, while our fond farewell to presenter Jon Snow received 1.2 million views.

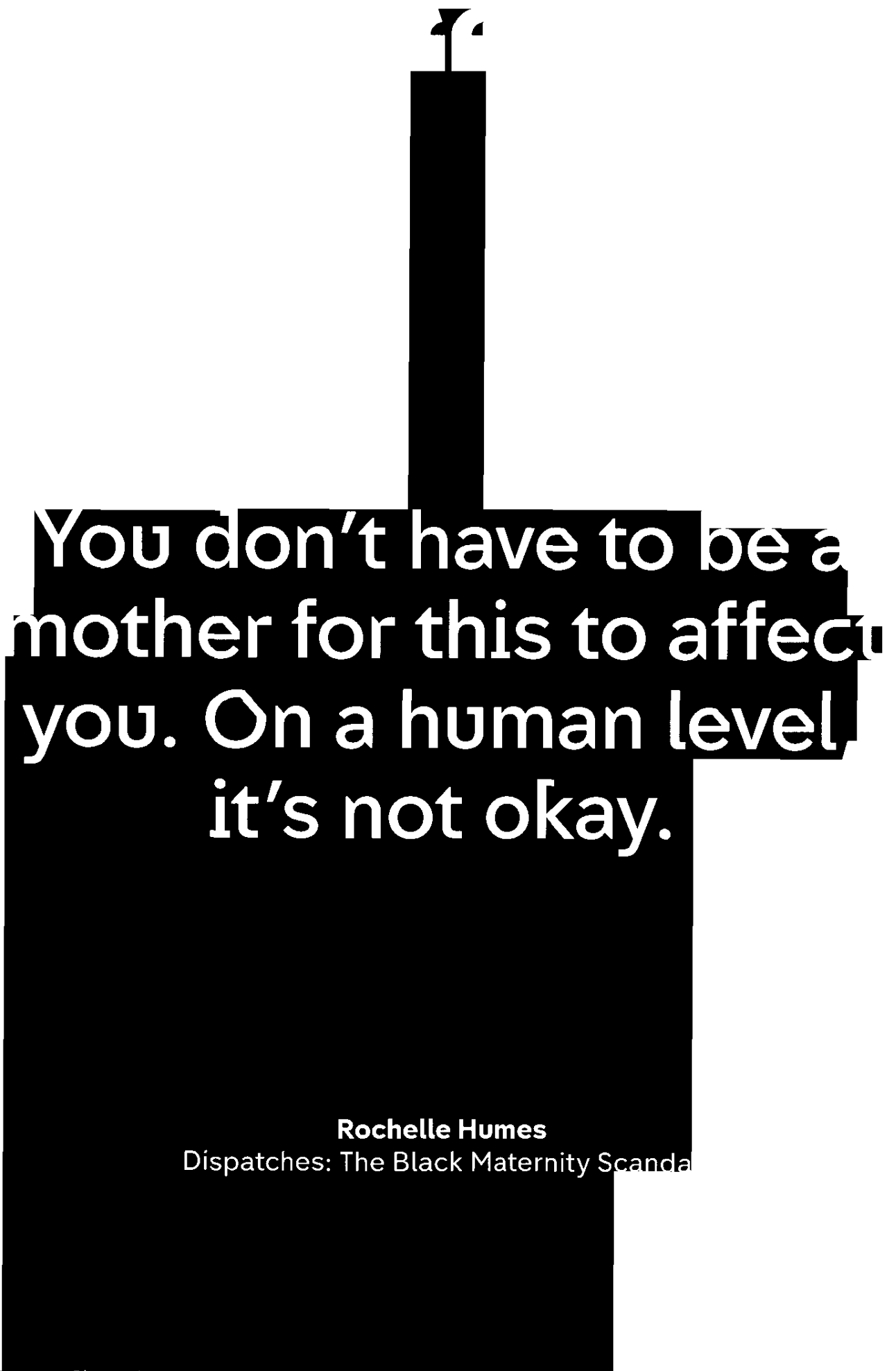
It was a strong year for *Channel 4 News* on Snap as well, with our two strands, *Divided America* and *Divided World*, becoming mainstays of our digital output, attracting a loyal audience of nearly 400,000 subscribers. Our podcasts, *The Fourcast* and the award-winning *Ways to Change the World*, continued to build their audiences, each with around 1 million downloads across the year.

TikTok was a new focus in 2021, with pieces on subjects such as upskirting, needle spiking and the increased visibility of disability on reality TV together drawing over 1 million likes. Across the main social media platforms (Facebook, YouTube, Twitter, Instagram, Snapchat and TikTok), *Channel 4 News* had 10.1 million followers/subscribers by the end of 2021.

Having reached a record 9.8 million people on linear in 2020, as viewers tuned in for the latest updates on the pandemic, viewing figures in 2021 returned to pre-pandemic levels. Over the year, an average of 7.7 million people watched *Channel 4 News* for at least 15 consecutive minutes each month on the main channel, across the main weekday evening programmes and the daytime and weekend bulletins.

Channel 4 News continues to appeal to ethnically diverse audiences. This group represented 17% of the programme's total viewing in 2021, an increase of two percentage points year-on-year, taking this figure to its highest-ever level since it was first reported in 2009. Channel 4 remains the only main PSB channel whose news-viewing by ethnically diverse audiences exceeds this group's representation in the UK population (estimated to be around 13%-14%).

The programme continues to appeal to young people, with 16-34-year-olds accounting for 8% of the *Channel 4 News* audience across the year. While this is higher than the corresponding viewer profiles of the other main PSB channels' national news programmes (which ranged from 5% to 7%), it's three percentage points down year-on-year, as young audiences migrate faster than other age groups to social media to access *Channel 4 News*.

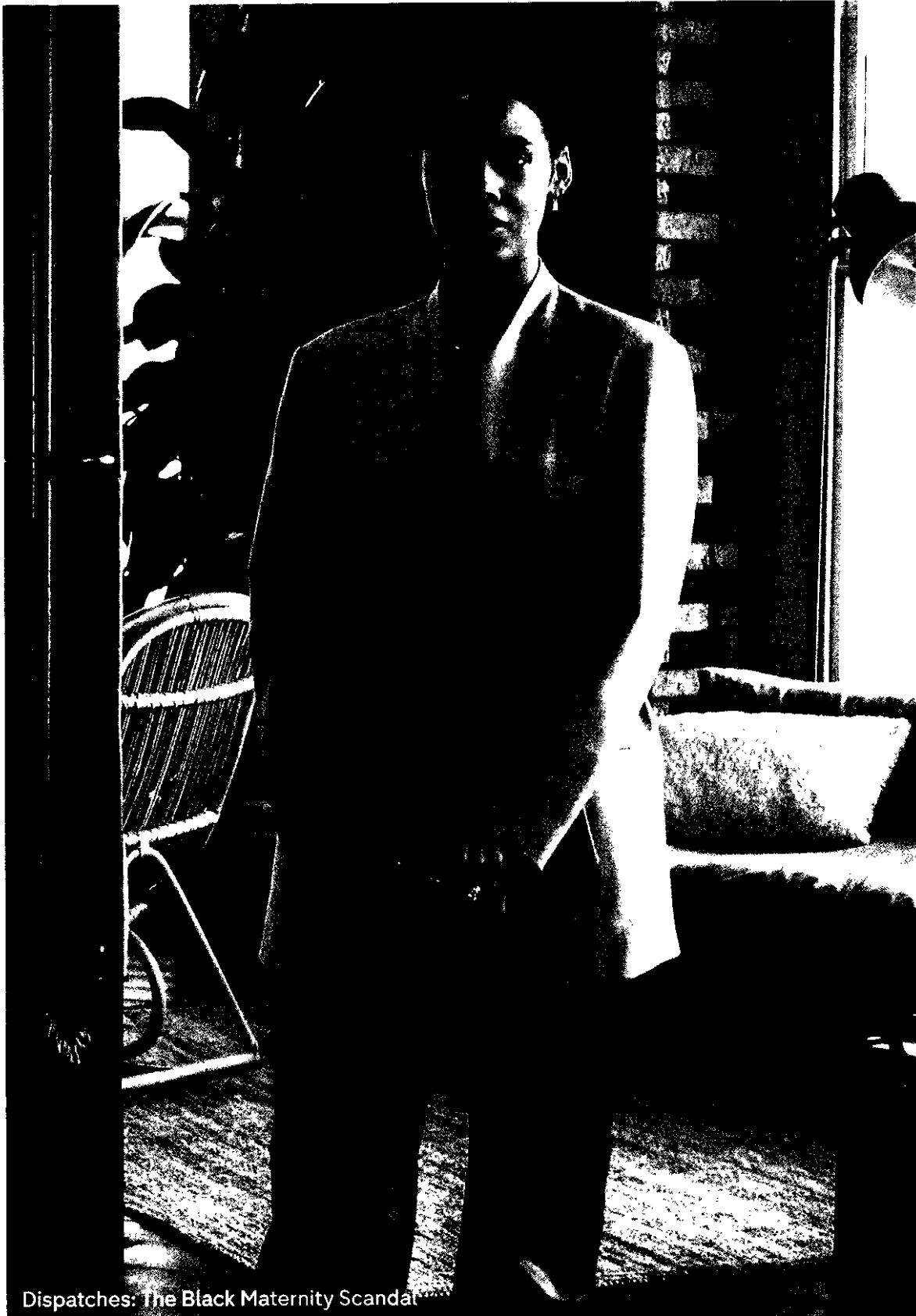


You don't have to be a
mother for this to affect
you. On a human level,
it's not okay.

Rochelle Humes
Dispatches: The Black Maternity Scandal

Shining a light

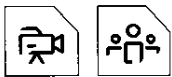
#BlackMaternityScandal



Dispatches: The Black Maternity Scandal

#BlackMaternityScandal

on what matters



Talked-about documentaries

At their best, our shows drive the national conversation, helping to cement Channel 4's position as the UK's most distinctive broadcaster.

Across three episodes, *Undercover Police: Hunting Paedophiles*, reached 5.1 million viewers. Three years in the making, this hard-hitting documentary series gained exclusive access to some of the most secretive covert units working in modern day policing, and witnessed the work of undercover detectives as they went about their search for paedophiles operating online.

The series was impactful, with a huge 94% of viewers agreeing that programmes like these are important as they shed light on key issues in society. Importantly, it also prompted 42% of viewers with children aged under 16 to talk to them about the issues raised in the programme.

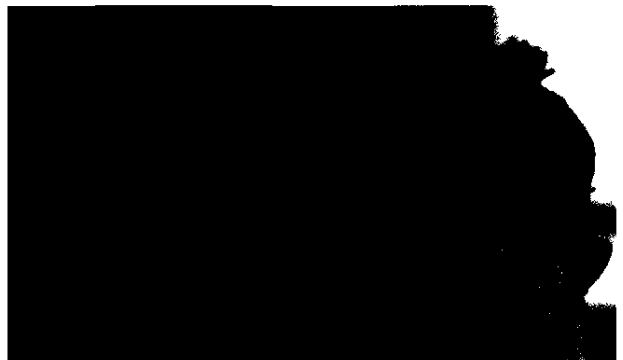
Also this year, *Caroline Flack: Her Life and Death* told the story of the actor/presenter's life and the impact that fame, mental health issues, press and social media had on her. In this powerful and revealing film, her friends and family spoke candidly about her rise to fame and examined the role that the media played in her death.

Described by *The Guardian* as "a compassionate eulogy suffused with pain" and by *The Telegraph* as "a sensitive study of suicide and mental health", it generated many conversations on social media, with many users adopting the hashtag #BeKind. The film struck a chord with audiences, attracting an audience of over 3 million viewers, equivalent to a 13.9% audience share – an impressive 91% above the slot average.



Undercover Police: Hunting Paedophiles

Dispatches: The Black Maternity Scandal

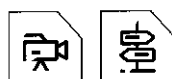


Caroline Flack: Her Life and Death





Dispatches: India's Rape Scandal



Dispatches

Dispatches is Channel 4's award-winning current affairs strand. Its topical documentaries are often investigative. They're sometimes opinionated. They're always original.

Last year, across 23 episodes, the series tackled hard-hitting subjects ranging from India's rape scandal to the performance of our much-loved NHS.

The most-watched episode in 2021, attracting 1.2 million viewers (a 6.2% viewing share), was *The Truth About Electric Cars*. With the country fretting over climate change and fuel shortages, journalist Morland Sanders looked into whether hybrid electric cars are as clean and green as we think.

Rape: Who's On Trial was filmed over two years by an all-female team. It followed four separate investigations by the Avon and Somerset Constabulary and shed light on the challenges faced by the police force and victims in securing convictions. This hard-hitting documentary was followed by a debate hosted by Jackie Long, which looked at the issues raised and asked what can be done. And *The Black Maternity Scandal* investigated why Black women were five times more likely than White women to die during pregnancy and childbirth. Hosted by Rochelle Humes, the award-winning documentary sparked a national conversation and helped to create a change in government policy.

Alongside *Dispatches*, our foreign affairs series *Unreported World* revealed some of the world's biggest untold stories. Channel 4 reporters were on the front line in Myanmar as protesters defied the military junta's coup, and they travelled to Serbia to interview migrants who had been beaten back from the EU border. In the most popular documentary of the series, Krishnan Guru-Murthy headed to New York to explore the Big Apple's epidemic of homelessness, made worse by Covid-19, race inequality and alleged profiteering.

Dispatches: Rape: Who's On Trial?



Close to

1m

viewers watched

Joe Lycett vs
the Oil Giant



Tackling the climate emergency

In autumn 2021, the UK hosted COP26 – a pivotal moment in the fight against climate change. Channel 4 offered a unique, entertaining and sometimes irreverent look at how the climate emergency is affecting us all.

Channel 4's creative response to the climate emergency highlighted a distinctive range of climate change programming, from hard-hitting investigations such as *How Green Is the Government? Dispatches* and Kieran Hodgson's irreverent documentary *How We Forgot to Save the Planet*, to *Celebrity Trash Monsters: What's Your Waste Size?*, in which celebrities wore suits containing their own rubbish to educate themselves on the impact of household waste.

Celebrity Trash Monsters: What's Your Waste Size?



Celebrity Trash Monsters



Celebrity Trash Monsters: What's Your Waste Size?

What's Your Waste Size?

24 Hours in Police Custody



Thought-provoking and eye-opening...

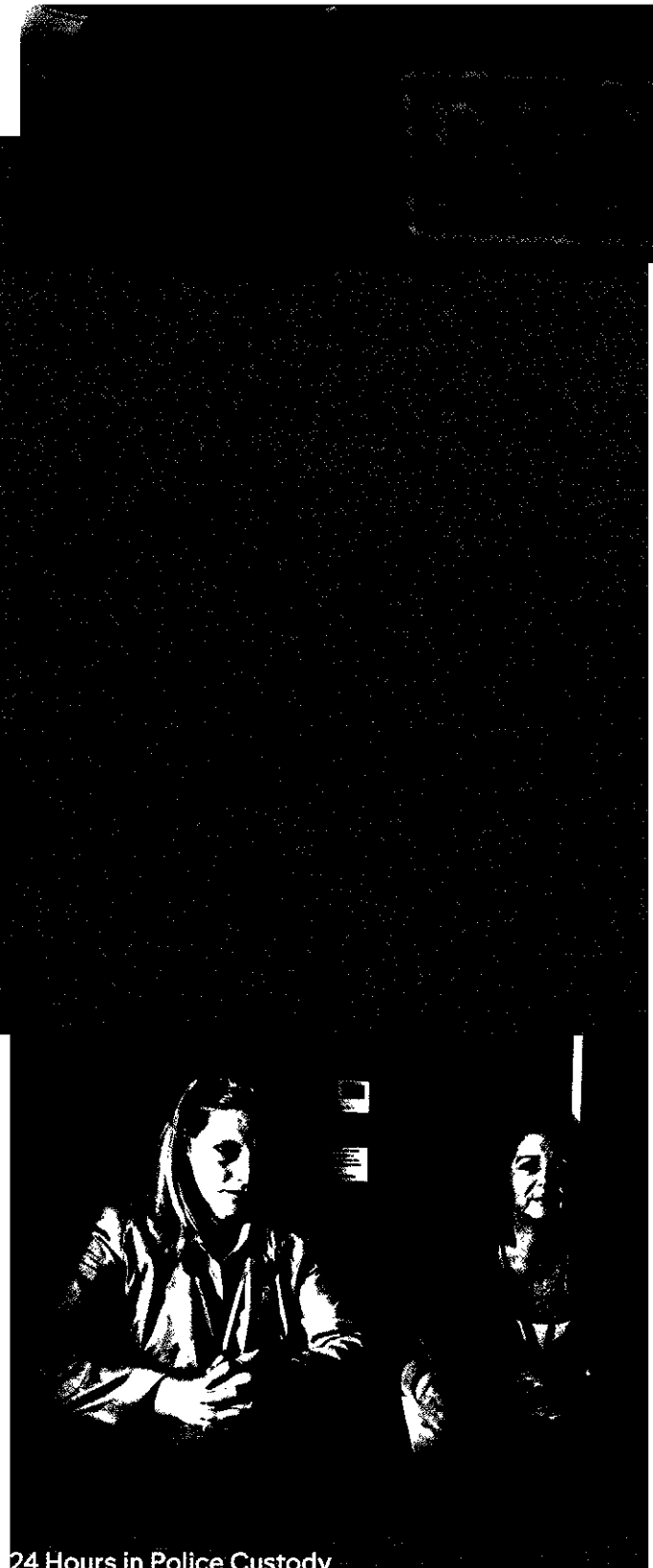


Channel 4's landmark documentary series *24 Hours in Police Custody* returned in 2021. The fly-on-the-wall series followed Bedfordshire Police as they attempted to catch criminals and get answers for victims and their families.

With more than 80 cameras following Bedfordshire Police – from Luton Police Station's holding cells to the heart of major crime investigation teams – viewers learned first-hand the challenges faced by officers and detectives. Each episode looked into real-life dramas at their most intense, bringing viewers unique access into major crimes.

At times a tough watch, this year's run covered sexual violence, murder, assault, child abuse and neglect. Viewers praised *24 Hours in Police Custody* for being "eye-opening" and "thought-provoking". Some nine in ten viewers agreed that the series has made them realise what police officers have to deal with on a day-to-day basis, and six in ten viewers felt the series had increased both their trust and confidence in the UK police force.

The show, which launched in 2014, continues to perform strongly for Channel 4. Over its eight-year run, it has reached 29.6 million viewers on linear TV alone, including almost half 16-34-year-olds.



24 Hours in Police Custody

elp



BAFTA-winning screenwriter Jack Thorne wrote *Help* to shine an unflinching light on the care sector during the pandemic.

"I wanted viewers to feel anger. Real anger," he says. "We have to tell these stories because people are being ignored."

The one-off, feature-length drama was set in a fictional Liverpool care home called Sunshine Homes in 2020, and explored the relationship between newly qualified carer Sarah (played by Jodie Comer) and Tony (Stephen Graham), a patient with young-onset Alzheimer's.

When Covid-19 strikes, Sarah and her colleagues fight tooth and nail to protect the residents but are ill-equipped, poorly prepared and left helpless by the powers that be – despite the government's promise that it has thrown a 'protective ring' around care homes. In an unbroken, 25-minute single take – reminiscent of a horror movie – the camera follows Sarah as the nightmare unfolds around her.

Help highlighted the panic, fear and desperation experienced by those working or resident in care homes during the pandemic. It pointed an accusing finger at government policy decisions that saw a shocking 40% of all Covid-19 deaths between mid-March and mid-June 2020 being of care home residents. "I hope that this film goes some way in telling the unseen and unheard stories of our country's carers and the horrendous position they found themselves in," says Jodie Comer.

Within a week of airing, the programme had attracted a record-breaking 1.4 million views online, making it the best drama launch on All 4. And with a consolidated average TV audience of 3 million, it is Channel 4's second-best one-off drama after *Mo* (4.2 million) in 2010. Viewers described *Help* as "heart wrenching", "an incredibly moving, powerful bit of telly" and "a voice for the voiceless".

Help

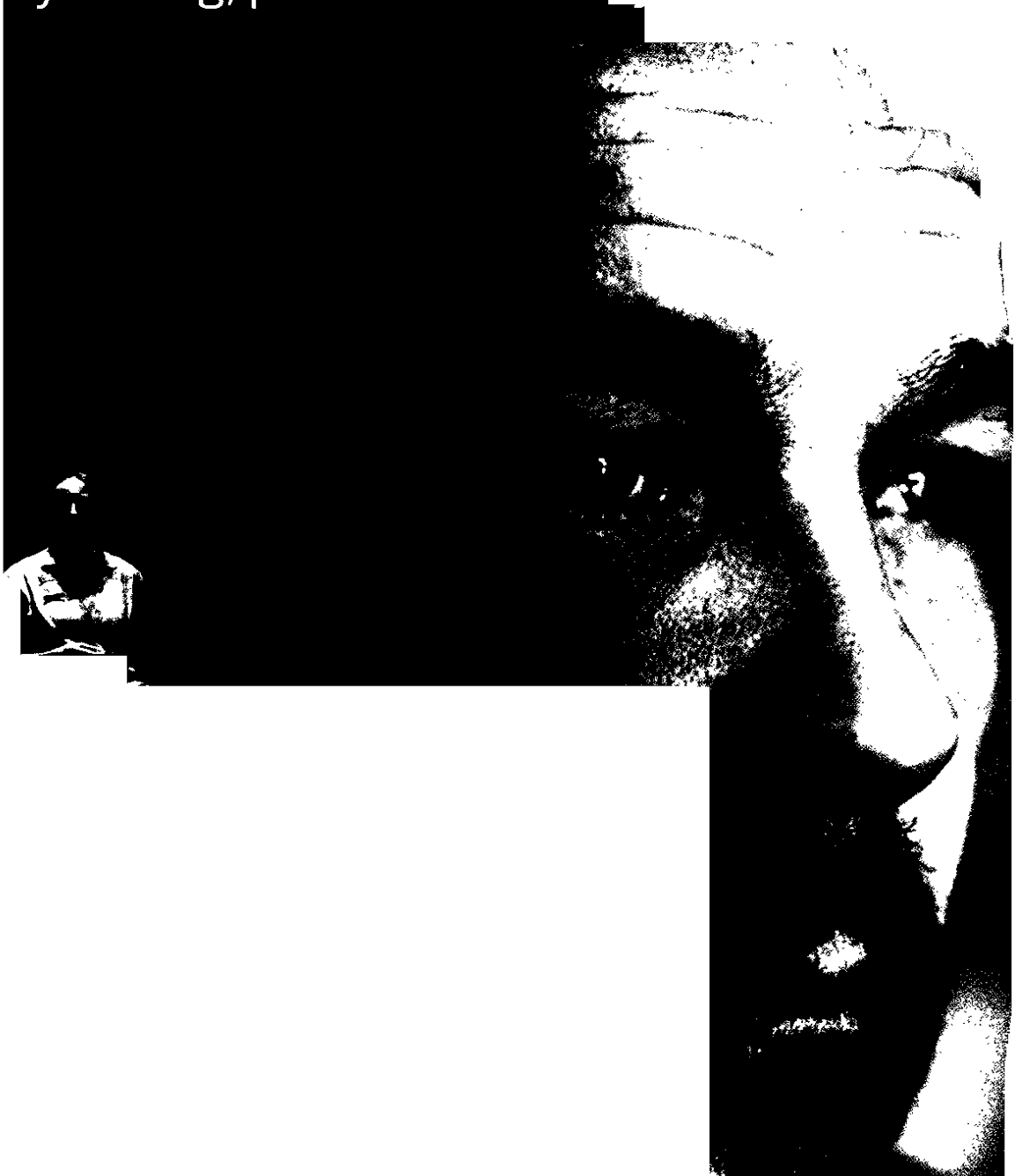


1.4m

views online, making it the best drama launch on All 4



An incredibly moving, powerful bit of te



Grenfell: The Untold Story



The Diana Interview: Truth Behind the Scandal



Hunting the Football Trolls – Jermaine Jenas



Challenging preconceptions and shaping culture

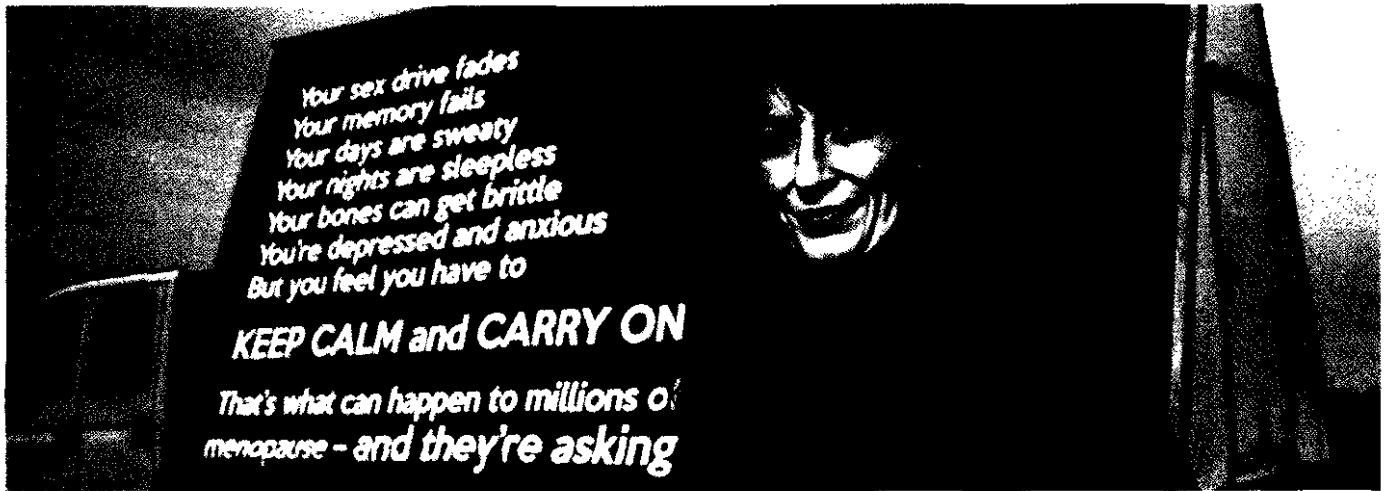
Channel 4's most powerful shows test boundaries and inspire critical thought. Highlights in 2021 included *Davina McCall: Sex, Myths and the Menopause*, which initiated conversations about the menopause; *Cops on Trial: Dispatches*, which revealed the scale of sexual misconduct by serving police officers; *Grenfell: The Untold Story*; *The Truth About Police Stop & Search* and *Hunting the Football Trolls – Jermaine Jenas*.

Meanwhile, *The Diana Interview: Truth Behind the Scandal* led to the exposure of dirty tricks used by journalist Martin Bashir to obtain the famous Diana interview and the BBC's subsequent cover-up. And our *Rape: Who's on Trial?* night of programming, which comprised a major 90-minute documentary followed by a debate, was one of the most revealing and thoughtful explorations of the criminal justice system's failures over rape seen on British TV.

“

For far too long, there's been a shroud of embarrassment, shame and fear around this topic, and this is where it stops!

Davina McCall



Davina McCall: Sex, Myths and the Menopause



Davina McCall: Sex, Myths and the Menopause

With nine in ten women saying that the menopause affects their work, and around half that their sex lives are adversely affected, *Davina McCall: Sex, Myths and the Menopause* fearlessly tackled the midlife taboos that can destroy women's jobs and relationships, exposing the lack of specialist education for GPs and the confusion that still exists around hormone replacement therapy.

With startling honesty, Davina described her own menopause journey in a bid to get women talking about theirs, and discovered that help is out there.

The one-off documentary reached 2.5 million viewers, equivalent to 4.1% of the TV population, including 5.8% of women, and a notable 14% of women aged 45-54.

Its impact on viewers was strong, with 83% agreeing that the programme made them think differently about the challenges menopausal women face, and three-quarters claiming to feel better informed about the help or support available to women going through the menopause. Significantly, 56% of viewers reported that they felt more comfortable asking questions about the menopause since watching it.

More than 21,000 health professionals have signed up for training about the menopause since the documentary aired. It kickstarted a national conversation that continues today.

2.5m

viewers were reached
(4.1% of TV population)

83%

of viewers agreed that
the programme made
them think differently
about the challenges
menopausal women face



innovation

creating change





creating change

Reinvent entertainment

Channel 4's remit encourages us to push boundaries, take risks and experiment through our programming and across our business in ways that other broadcasters do not. In 2021, we worked on continuously refreshing what we did creatively, finding new ways to engage audiences, new ways of delivering our content, and new ways of supporting the creative industries.

innovation

Four areas of focus:

-  British creativity
-  Digital excellence
-  Nations and Regions
-  Young and diverse

Grayson's Art Club



As Covid-19 has transformed how and where people spend their working and leisure hours, changes relating to the consumption of media have greatly accelerated – in particular, trends such as viewers spending less time with linear TV channels and more with streaming services and social media on a multitude of personal devices. In this context, Channel 4's strategic initiatives around All 4, 4Studio and scaling via partnerships are critical to our future success.



In the first full year of our Future4 strategy (see page 20), Channel 4 has devoted considerable efforts to encouraging everyone in the organisation to adopt a truly digital-first approach.

This is a big challenge in an organisation that for decades has been laser-focused on the intricacies of linear TV schedules; it has required changes both in organisational structures and in personal mindsets. To this end, we have set ourselves ambitious targets for All 4 and are redoubling our efforts to find new ways to reinvent entertainment across all of our genres.



The Dog House



Engaging viewers with innovative content

In a world of abundant choice, Channel 4 continued to offer something unique, valuable and sought after in 2021.

We created and invested in new British-produced formats and shows that offered a distinctive flavour to viewers, finding new ways to tell stories and to reach audiences through highly distinctive commissions.

Innovative new shows, such as the genre-bending immersive competition format *Murder Island* (see page 68), the irreverent quiz show *I Literally Just Told You*, woodwork competition *Good With Wood*, or daytime restoration show *Mend It for Money* delighted audiences with their new approaches and formats. Through the Global Format Fund, we invested in innovative new British-created and produced content formats with UK audience appeal and global potential, such as *Moneybags* and *The Love Trap* (see page 71).

We also continued to delight viewers with returning hits such as *Grayson's Art Club* and *The Circle*, expanded franchises such as *First Dates* with *Teen First Dates*, and continued to drive digital growth with instant box-sets for key titles – including *It's A Sin*, new comedy *Frank of Ireland*, and returning shows such as *The Dog House*, *Back* and *Dead Pixels* among others.

2021 saw us continue to invest in All 4's platforms and technology in order to enhance functionality and usability, acquire wider video-on-demand ('VoD') content rights and ensured that our content could be played across all of our platforms (see All 4 case study, page 76). We also expanded our reach on social media platforms through key partnerships with Snap and TikTok, giving audiences what they want, where they want (see 4Studio case study, page 74) – this is what reinventing entertainment looks like.

The Love Trap

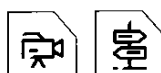


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One thing is for sure – original concepts are rare in TV right now. For that reason alone, it is worth tuning in again.

The Sun

Murder Island



Murder Island

Innovation has been at the heart of Channel 4 since its creation. It is a core part of our remit and our vision to reinvent entertainment. In 2021, we continued to explore new formats and ways of engaging our audience. *Murder Island* encapsulated this perfectly.

Filmed on the island of Hirta, off the west coast of Scotland, *Murder Island* was a six-part murder mystery series written by Ian Rankin, one of Britain's most successful crime writers. Eight ordinary members of the public, who believed they had what it takes to be a murder detective, worked in teams of two to try and unpick Rankin's plot and solve the crime.

Overseen by some of the country's finest real detectives, the teams had eight days to catch the killer, sifting through evidence, examining pathology and forensic reports and interviewing witnesses and subjects. With a £50,000 reward on the table for the winning team, they had to look beyond their own prejudices, learn new skills and gather evidence.

Murder Island had the authenticity of a real murder case, combined with the twists, turns and intrigue of the best detective fiction.





“

Moneybags is a really innovative format that will be injecting quick-fire quizzing and edge-of-your-seat tension into the afternoon schedule.

Moneybags



Global Format Fund

As part of our Future4 strategy, we launched a new Global Format Fund in 2020. The fund, which will invest a total of £30 million over the coming years, comprises ringfenced spend designed to stimulate the creation of original new formats from UK-based indies for domestic and international audiences.

The fund, which invested £8 million in 2021, is focused on those genres with the greatest potential for global format success, including Daytime, Factual Entertainment, Features, Entertainment, Documentaries and Specialist Factual.

Using a research and development approach, the Global Format Fund guarantees minimum runs and recommissioning triggers upfront, as well as minimum levels of marketing support. It leverages Channel 4's creative, marketing and audience insights to support producers with their international exploitation of the format. With regard to the exploitation of content in the UK, content created by the Global Format Fund is subject to the current Terms of Trade.

The first two series that were commissioned from the fund were *The Love Trap*, a reality-gameshow hybrid which subverts familiar dating show tropes, and *Moneybags*, produced by Youngest North, Youngest Media's recently launched Leeds-based hub. Hosted by Craig Charles, this big-money afternoon quiz show was devised by the team who created *The Million Pound Drop* and *Pointless*. *Moneybags* has been recommissioned for a second series. Jo Street, Channel 4's Head of Daytime and Features, said that: "*Moneybags* is a really innovative format that will be injecting quick-fire quizzing and edge-of-your-seat tension into the afternoon schedule."

£30m
will be invested
through the Global
Format Fund

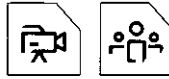
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Channel 4 has pulled off a hat-trick of master strokes by securing the rights to the 2019 Cricket World Cup final, Emma Raducanu’s US Open triumph and the climax of last season’s Formula One world championship.

The Daily Telegraph

Formula 1 Abu Dhabi Grand Prix





The US Open



Bringing major sporting moments to free-to-air

Reinventing entertainment also means finding new ways of engaging our viewers. In 2021, Channel 4 secured innovative commercial partnerships in order to bring major sporting events to free-to-air audiences. These created significant moments of shared national joy, which enthralled and entertained audiences across the UK.

In February, our ball-by-ball coverage of the India vs England Test Series on Channel 4 and All 4 was watched by over 9 million viewers, reaching 15% of the TV population and an impressive 40% of Indian viewers in the UK. It was the first time live Test cricket had been on free-to-air television since Channel 4 showed England's momentous Ashes win in 2005.

Over the summer, Lions fans were able to roar on their team on TV for the first time in almost 30 years with Channel 4's broadcast of the Vodafone Lions 1888 Cup against Japan, which was especially popular with young people, attracting a share of 20% for 16-34-year-olds.

And then came our live coverage of Emma Raducanu's amazing victory against Leylah Annie Fernandez in the US Open Women's Final, secured through an innovative and widely praised deal with Amazon Prime Video. An incredible peak of 9.6 million people watched as Emma became first British woman to win a grand slam title since Virginia Wade's Wimbledon victory in 1977, and the youngest grand slam champion since Maria Sharapova in 2004. The final delivered Channel 4's best daily share since the 2012 Paralympic Games Opening Ceremony, making it the most-watched single broadcast of the Year on Channel 4.

Our collaborations with other broadcasters bring benefits to all parties – to the broadcasters themselves, to sports rights holders and to viewers – and help create a win-win balance in the availability of coverage of live events on free-to-air vs subscription services. Thanks to a partnership with Sky, we ended 2021 with another huge sporting moment: the Abu Dhabi Grand Prix. We brought the nail-biting, controversial finale, which saw Max Verstappen overtaking Lewis Hamilton on the final lap after a dramatic late safety car intervention, to 7.5 million people in total – with the highest one-minute peak audience on Channel 4 to date for live F1. This was a fittingly dramatic end to an extraordinary year of sport on Channel 4.

India vs England Test Series

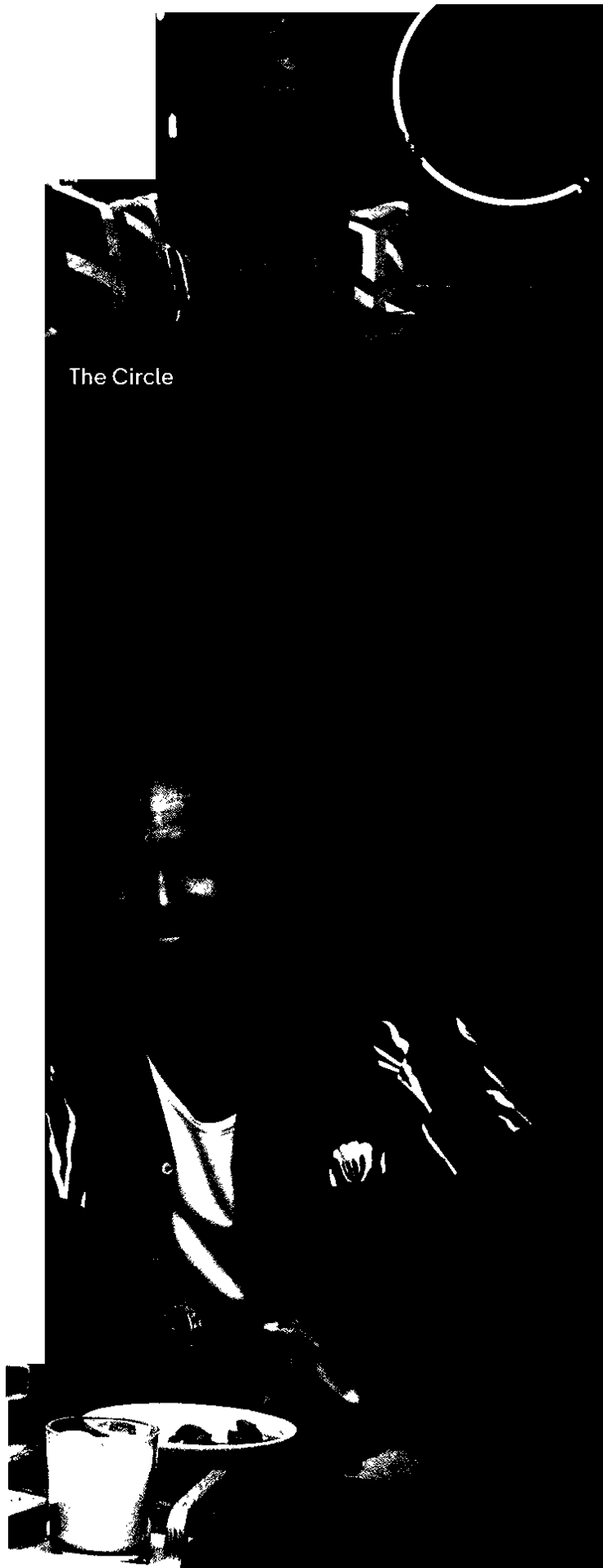


Innovating to reach new audiences

views of 4Studio social media content in 2021



Celebrity Gogglebox



The Circle



2021 saw our Leeds-based 4Studio business innovate its approaches to reaching audiences on social media platforms, reinventing how we use our content to appeal to young people and strengthening the Channel 4 brand as a digital PSB.

4Studio creates and publishes thousands of pieces of content across over 100 channels each month, reaching millions of people every day on the major digital and social media platforms – from Snapchat to YouTube, Facebook, Instagram, TikTok and Twitter.

Success is driven by smart use of data and creative excellence. 4Studio boasted over 11.3 billion global views in 2020 and scooped a number of awards – including Lovies, a Drum Online Media Award, multiple Broadcast Digital Awards and a Prolific North Marketing Award – across its three key business areas of social media marketing, branded entertainment and digital original series.

4Studio also became the biggest social media brand on YouTube and Facebook for UK 18-34-year-olds, reaching more of that group than any other global brand, and saw continued success with its social media branded content, regularly topping the leaderboard as the UK's most viewed social media branded content partner.

Creatively, the team continued to innovate ways to drive new content around our linear shows and to find new forms of branded content as well as launching social-first content series to audiences.

4Studio developed and executive produced its first digital extension, with star-studded *It's A Sin* spin-off *After Hours*, featuring creator Russell T Davies and stars including Neil Patrick Harris and Olly Alexander taking fans behind the scenes of the award-winning 80s AIDS drama. This was one of a raft of spin-off commissions.

Hollyoaks IRL told the emotional stories of fans whose lives have been personally affected by the issues raised in the daytime soap, including depression and suicide, gay conversion therapy, and eating disorders. *The Circle* podcast *Dishonest Fun* saw guest stars chat with series 1 winner Alex Hobern to talk all things catfishing. And *True Crime: Unravelled* partnered Yinka Bokinni with criminologist Honor Doro Townshend to explore the real-life cases behind All 4's gripping season of true crime documentaries.

Meanwhile, the team ensured that our biggest programming moments – the Black to Front Project, *Married at First Sight Australia*, *Tokyo 2020 Paralympic Games*, *The Great British Bake Off* – drove conversation online and engaged viewers on every platform, before, during and well after transmission.

A key area of innovation this year was 4Studio's sales team's collaborations with world-leading companies to commission brand-funded content projects. They partnered with Balmain on *Fracture*, the first-ever branded social media drama; with Instagram on *You Do You*, the world's first-ever real-time social media reality series told through social media; with VisitBritain on a second series of the award-winning Rosie Jones-fronted disability travelogue *Mission: Accessible*; and with Meta Quest for the iconic return of *GamesMaster*.

It continued to evolve the way it worked with social media platforms, partnering with TikTok to launch Channel 4 and E4-branded accounts, create a dedicated Paralympics content hub, and to create and publish content which is now engaging young audiences in their millions on the platform.

2021 saw 4Studio's team grow to over 80 employees, almost all based in Leeds – reflecting its modus operandi to invest in diverse talent from the Nations and Regions. The team partnered with Sharp Futures to launch a scheme as part of 4Skills, targeting people in Leeds from disadvantaged backgrounds via workshops, outreach and engagement. The department also introduced a new role to support the team's digital presence on the platform.



2021 was another transformative year for All 4. With over 14,500 hours of content, the UK's biggest free streaming service saw viewing grow by 21% across the year, exceeding our annual target and achieving in excess of 1.5 billion views for the first time.

Channel 4 has a long history of being a channel for young people, and in 2021 we leaned into this further, leveraging our progress in technology and exploiting our platforms further to bind young British viewers to strong, valuable and trustworthy public service media. We have seen our position with young people solidify and grow, with All 4 demonstrating our digital viewing success.

In November 2020, as part of our Future4 strategy, we announced our ambition to be the young people's PSB streamer, giving them the content they want, where they want it – and we are well on our way. And in 2021, we announced that we were further prioritising streaming in all of our commissioning and scheduling decisions: every piece of our scripted content will now be primarily commissioned for All 4, with linear a secondary consideration.

All 4 made up 13% of total Channel 4 viewing in 2021, up from 9.2% in 2020.



It's A S

Married at First Sight UK



the number of subscribers to All 4+ in 2021

Central goal of the Future4 strategy is to double All 4 viewing in 2025 to 2 billion views. To achieve this, we are dialling up our ambitions for All 4 and doubling down on the types of programmes that we know people love to binge on demand. At the end of 2021, we achieved over 1.5 billion views on All 4 – well ahead of our annual target.

We have continued to invest in our ever-expanding All 4 content library – the largest of the UK PSBs. This year, we overperformed our box-set strategy whereby new series on the linear channels were made available in full on All 4, with over five times more titles than in 2020, including *It's A Sin*, *First Dates* and *24 Hours in Police Custody*.

During the year, we also started to experiment with new scheduling, such as the pre-transmission release of *Help*, which contributed to it becoming the best single episode drama launch to date on All 4, based on viewing in the first week.

Content that performed strongly on linear performed strongly on All 4, particularly among young people, and we have adapted our strategy throughout the year to capitalise on this. Most notably, at the start of the year, Russell T Davies' impactful drama *It's A Sin* became Channel 4's biggest-ever commissioned new series, with over 26 million views on All 4 (see full case study, page 31), of which 22% of viewing was before the programme was transmitted on linear.

The *Married at First Sight* franchise, a major success on E4 in 2021, was equally successful on All 4: the sixth season of the Australian format became the biggest individual series of the year, achieving 79 million views across all platforms. Responding to this success, we reformatted and relaunched our own UK version of the format after the summer. *Married at First Sight UK* quickly became the highest-rating unscripted show in E4's history – making the channel the number one destination for 16-34-year-olds during its run – and has become our third-biggest individual title of the year on All 4. This example shows the positive feedback loop between performance on All 4, smart use of audience data and our core content commissioning strategies.

of total Channel 4 viewing in 2021 was made up by All 4

Viewers' expectations are changing in a digital world. They expect Channel 4 to know how they watch, where they watch and why they watch. This is not just about demographics; they expect more content, communications and experiences based on their motivations for watching.

Our focus has therefore continued to be on All 4 being the UK's biggest free streaming service, positioning it as 'more than a catch-up'. This has been effective, with 62% of 16-34-year-olds agreeing that All 4 is 'more than a catch-up service' across the year, putting the service ahead of iPlayer and ITV Hub.

Continually enhancing the viewer experience – through All 4 functionality and usability – is key to our success among young viewers and the All 4 product benefited from significant investment in 2021.

We rebuilt our 'Big Screen' All 4 application (for smart TVs), making it more effective to showcase Channel 4's programmes. We made progress in making All 4 a more personalised and smarter service, better meeting consumers' expectations.

Meanwhile, our paid-for service, All 4+, which allows viewers to watch TV shows without ads, nearly doubled the number of subscribers across the year, and we are continuing to build this product into 2022 and the future.

Driven by our continued innovations and unrivalled content library, All 4 was recognised by the industry in 2021, winning 'Best On Demand TV Service' at the Edinburgh TV Festival Awards for the second consecutive year, and 'Best Streaming Platform' at the Broadcast Tech Awards.

Tokyo 2020 Paralympic Games



at Edinburgh TV Festival Awards
for the second consecutive year





Creative forward look

Chief Content Officer's statement



As we enter our 40th year we may have to grudgingly accept that Channel 4 is technically middle-aged, but we are more determined than ever to ensure that it is never middle of the road.

levelling in

creating change

creating change

Ian
Katz

levelling in



Married at First Sight UK

Creative forward look continued

In 2022, we will be doubling down on what we were created for: giving a voice to the unheard, challenging conventional thinking, and being a nurturing hothouse for the new – be it talent, ideas, or ways of making and distributing television.

With our third highest-ever spend on content, made possible by the channel's considerable commercial success over the last two years, we'll be launching more new shows, committing more resources to key areas of our remit, and investing in the next generation of trailblazing new talent.

We will show that Channel 4 is still the freest place to make television, the place that airs the wildest, boldest, most outlandish ideas that Britain's brilliant independent producers can dream up.

After two years of remarkable digital growth, we'll continue to air more content that we know our young audiences love to stream; whether it's multi-episode reality shows like *Married at First Sight UK*, comedies like *The Curse* – our biggest original comedy on All 4 since 2018 – or conversation-driving documentaries such as *Jeremy Kyle: Death on Daytime*, which has already become one of our biggest streaming hits.

For the first time, we will also commission shows in Documentaries and Current Affairs that have been made specifically for our streaming audience. And we'll publish more original content on our social channels, as we connect with a younger, natively social generation.

Represent unheard voices

Channel 4 exists to give a voice to the unheard and the underrepresented and, already this year, Ed Stafford has done that powerfully with *60 Days with the Gypsies*. Ed's portrayal of the Gypsy community was sensitive, intimate and free of many of the lazy stereotypes that litter much television about that community.

Along with schedule staples, such as *Ackley Bridge* and *Steph's Packed Lunch*, we're making sure that we continue to improve our representation of the whole of the UK. Later this year, we have exciting new shows including Lucy Beaumont's new Humberside sitcom, *Hullraisers*, and heart-warming medical soap *Geordie Hospital*. I'm delighted that, in 2021, we hit a new high with 66% of our main channel content commissioned from Nations and Regions independent producers – and we're working hard to do so again this year.

We are redoubling our commitment to diversity of thought too, to ensure that we represent as wide a range of voices and opinions as possible. Regular programming such as *Steph's Packed Lunch* and *Channel 4 News*, as well as major commissions including *John Cleese: Cancel Me*, a new Sunday political programme with Andrew Neil, and an upcoming hilarious, spiky series from YouTuber and son of Turkish immigrants Alhan Gençay, commissioned by our Digital team, will ensure that the channel is always eclectic, iconoclastic and surprising.

Across the year, we will keep striving to improve all forms of representation. Continuing a long tradition of championing the LGBTQ+ community, we've commissioned a series of noisy, informative and entertaining programmes to mark the upcoming 50th anniversary of Pride.

This year will also see us push further to improve disabled representation. In March, at the Beijing 2022 Paralympic Winter Games, we became the first broadcaster in the world to field an entire disabled presenting team for a major sporting event. In addition to Rosie Jones' supersized return of her hilarious travelogue, *Trip Hazard*, she will explore society's attitudes towards disabled people in a powerful new documentary and, in *Dine Hard*, will combine comedy, chat, and cooking for a brilliant new digital series. And we have launched a radical brief to find a bold, outlandish idea with the potential to shake up how disabled people are portrayed.

Building on last year's award-winning Black to Front Project and its legacy, we've recommissioned Yinka Bokinni and Zeze Mills' noisy chat show, *Unapologetic*; we've made outstanding daytime talent Tayo Oguntona a regular on the BAFTA-winning *Great House Giveaway*; and we've cast other presenters from the day in other shows, including Mo Gilligan and AJ Odudu, whose sparkling performance presenting of *The Big Breakfast* was recognised with an RTS Award in March, one of 13 RTS prizes won by Channel 4.

Behind the camera, as well as being the first broadcaster to ringfence commissioning spend, we've launched the *Diverse Indies Fund*, in collaboration with *Motion Content*, to help us achieve our commitment of tripling spend with diverse-led indies by the end of 2023. We're also committed to commissioning at least one new show from each genre every year that features ethnically diverse talent and/or ethnically diverse stories at their heart, and every Channel 4 Commissioning Editor will always have at least one ethnically diverse-led indie on their development slate.



Dispatches: India's Rape Scandal

Challenge with purpose

As ever, we won't be afraid to tackle tough issues, speak hard truths, and explore controversial subjects or unfashionable subjects.

Channel 4 News's vivid, intelligent and urgent reporting of the war in Ukraine has already attracted record audiences this year. With a new editor and a refreshed presenting line up split between Leeds and London, it will continue to provide the high-quality, trusted journalism that our viewers seek.

In current affairs, our new in-house Investigations Unit will hold power to account with even noisier and more ambitious *Dispatches* films. And through our new young-skewing investigations series *Untold*, we're ensuring that our current affairs output reaches all of our viewers including, most importantly, young people.

Our factual output will get the nation talking. The harrowing, must-watch *Jeremy Kyle: Death on Daytime* created a moment of reckoning for exploitative tabloid TV, causing all of us to question our complicity in it, and *Killed by a Rich Kid* exposed the class divide within crime and punishment. Following on from the success of eye-catching climate programming like *Joe Lycett vs The Oil Giant*, we're also commissioning more splashy shows about the climate emergency, punching up at big polluters and empowering our audiences to take action.

Across the slate, viewers will be confronted by surprising ideas and challenging thinking. *Open House: The Great Sex Experiment* questions whether monogamy is still the best model for a happy relationship, and *The Simpler Life* asks whether breaking from phones, social media and the 24-hour news cycle could make us all happier. And later this year, *Where Have All the Lesbians Gone?* will dare to ask one of the most controversial questions in the charged and hotly contested debate around gender and sexual politics.

Moneybags



Reinvent entertainment

Across every genre, Channel 4 will keep innovating throughout 2022, as we build up a new stable of returning brands. In a world dominated by broadcasters playing it safe and audiences reaching for the familiar, we will continue to roll the dice on exciting, inventive content and be a place where producers can take risks and try something different. For example, we will be launching a new youth-targeted digital platform featuring the likes of Chunkz and JME, fronting major hero commissions.

Across scripted, upcoming series include the coming-of-age darkly comic drama *The Birth of Daniel F Harris* from the producers of *The End of the F***ing World*, and the Steve Coogan/Sarah Solemani-led comedy *Chivalry*, which explores gender politics in the film and television industry during the #MeToo era. These join the final series of *Derry Girls*, which will provide heart, warmth and laughter to viewers across the country.

The anarchic, hugely creative comedy gameshow *I Literally Just Told You* – in which contestants are given all the answers – will also return, as will our Global Format Fund daytime hit, *Moneybags*. A new big-money quiz hosted by Claudia Winkelman, *One Question*, and mad-cap dating format, *Let's Make a Love Scene*, are equally certain to bring joy to viewers. Meanwhile, we will also introduce a new generation of political talent in *Trust Me, I'm the PM!* and find the next great interior designer in *Design Your Dream*.

As part of our 40th birthday celebrations, we will also turn the wheel a few more times, commissioning a previously unseen-on-TV stunt, factual theatre or live event that totally rewrites the rulebook on what can, and should, be broadcast.

From the Paralympic Winter Games to Peter Kosminsky's epic new Cold War drama *Darkness Rising*; from an extraordinarily intimate documentary featuring Nazanin Zaghari-Ratcliffe to *The Birth of Daniel F Harris*; from a new competitive show for aspiring politicians to the drama that turned Volodymyr Zelenskyy into a global political figure, in 2022 Channel 4 will be surprising, subversive – and frequently silly. Many things, but never middle of the road.

Future metrics



Highlife

Channel 4's commitment to innovation extends across the full range of its creative output on TV and digital, while off screen it spans the geographical spread of its supplier base and the diversity of voices brought to the screen.



Following the launch of Channel 4's Future4 strategy in 2020, now is the right time for us to update our measurement framework, in order to keep ahead of changes occurring in the industry and to reflect our corporate objectives and the priorities that underpin our new strategy. Over the last year, we have developed a new framework and have started to capture data for the new metrics, which we will present in full in next year's Annual Report. We have grouped the metrics under three headings: our impact on audiences, our impact on the creative industries, and Channel 4's vision.

The Anti-Vax Conspiracy



The Big Breakfast



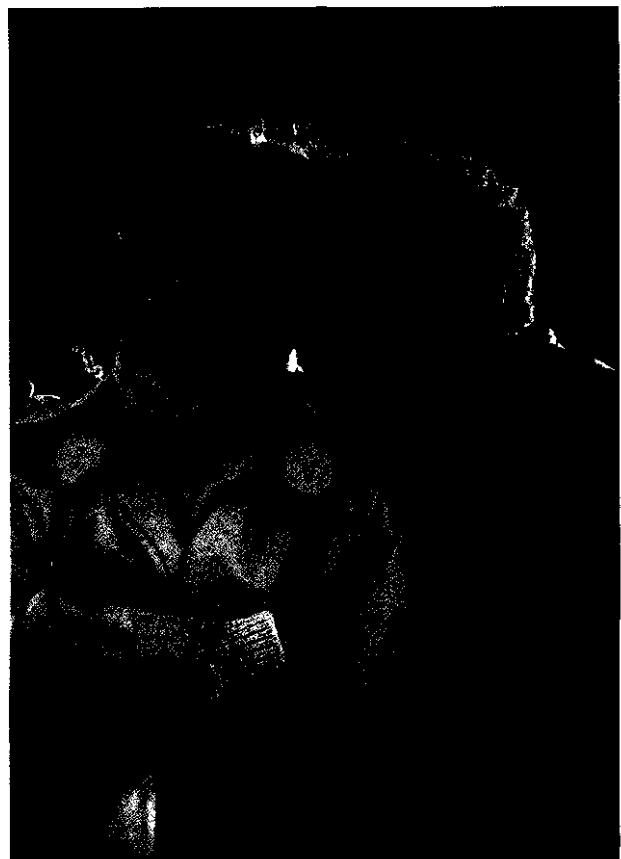


Billy Monger: Changing Gear

As we develop the new framework, it is critical that we maintain the same degree of rigour that the existing Statement of Media Content Policy ('SMCP') metrics have provided to date – e.g. by reporting in a consistent manner each year, regardless of whether individual metrics rise or fall; and ensuring that, taken together, the set of metrics demonstrate our remit delivery to stakeholders.

However, as measurement capability evolves over time, we will refine these metrics whilst retaining transparent comparability.

In this Annual Report, we also continue to report on our existing metrics, which form a formal part of the SMCP – these begin on page 91. These metrics are part of a framework that was originally developed almost 15 years ago and, while there have been modifications to the set of metrics used over the years, the overall framework is still rooted in the world of traditional TV channels and does not reflect the huge changes in viewing over the next decade.



It's A Sin

Note: the metrics presented on the following pages include some data points that are the same as, or similar to, those presented in the current SMCP.

Future metrics (continued)

1.5bn

All 4 views

10.3%

linear viewing share

Viewing: Channel 4's impact on audiences

2021 was a year of growth for Channel 4, both in traditional viewing and on digital platforms.

On-demand viewing of All 4 content grew by 21%, with 1.5 billion programme views initiated through All 4-branded platforms – which include PCs, smartphones, tablets, games consoles and connected TVs. This is the second consecutive year in which growth exceeded 20%, and over the last two years the number of views has risen by more than 50%. The strongest area of growth in 2021 was on 'big screen' devices, i.e. connected TVs and streaming devices that plug into TVs, with viewing up by 32%. However, growth was fairly evenly spread across platforms, with viewing also up by 29% on Channel 4's owned and operated services, and up by 22% on mobile and tablet platforms.

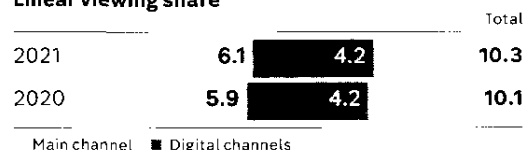
While overall TV viewing continues to migrate from linear TV to digital platforms, Channel 4 continued to maintain – and indeed grow – its share of the linear TV pie. It increased its viewing share year-on-year, to 10.3% across the TV channel portfolio. This is an increase of 0.2 percentage points (equivalent to a 1% rise). This growth was accounted for by the main channel, whose share also rose by 0.2 percentage points to 6.1% (a rise of 3%), its highest level since 2013. This is a very impressive performance, in a year in which audiences' viewing habits started to return to normal after the huge changes in 2020 that saw Channel 4 and other PSBs enjoy increased viewing as people turned to them for news of the Covid-19 pandemic and for mainstream entertainment. There were only marginal changes in viewing to the digital channels, total viewing to which was flat (4.2% in both years). E4's share rose by 0.1 percentage point, More4's share dropped by the same amount, while Film4 and the Box music channels both held steady.

All 4 views



All 4 views (bn)

Linear viewing share



Main channel ■ Digital channels

Future metrics (continued)

£671m

total content spend

£492m

originated content spend

£222m

investment in originated content outside of London

Output: Channel 4's impact on the creative industries

This was a year of growth and recovery for Channel 4 after the enforced cuts in investment in 2020 following the onset of the Covid-19 pandemic, which triggered a hiatus in TV production and large declines in the advertising market. The nature of the pandemic and the immediate impact of lockdown on production and advertising revenues meant that we had to take swift and prudent action in 2020 – this was not something we wanted to do, and we fully recognise and lament the adverse impact that postponing shows and reducing content investment had on our partners in the production community. In 2021, by contrast, advertising revenues were back up and new production protocols developed by the industry – along with the government's insurance scheme for the sector – allowed Channel 4's commissions to get off the ground in a period when Covid-19-related restrictions remained in force and were subject to frequent changes. This bounce-back is reflected in the three investment metrics reported in this section, all of which increased year-on-year by large amounts to levels that either match or exceed their 2019 levels prior to the pandemic.

Channel 4 delivers its public remit primarily through the original content that it commissions and invests in. Its investment in original content returned to pre-Covid-19 levels in 2021, with a total expenditure (first-run transmissions and repeats) across its TV channels and online services of £492 million (up by £122 million year-on-year, a 33% increase), exactly matching the 2019 level. Investment in originations on the main channel was £438 million (89% of the total); after rising by £101 million year-on-year (a 30% jump), it now exceeds 2019's level by £1 million. A further £42 million was spent on original content for the digital channels, £13 million more than in 2020 (a 48% rise). Spend on digital media content (including websites and cross-platform content) trebled year-on-year from £4 million to £12 million in 2021, its joint-highest-ever level (previously achieved in 2010).

Reflecting its growing commitment to producing outside of London, Channel 4 spent a record £222 million across its TV portfolio on content commissioned from production companies based in the Nations and the English Regions. Up year-on-year by 57% (an £81 million rise), this is £33 million more than the previous highest out-of-London spend of £189 million in 2017. Within this total, expenditure in the Nations was £38 million, a 36% increase year-on-year (a £10 million rise). Scotland accounted for the largest share of this, with a spend of £23.5 million, followed by £10.8 million in Wales and £3.5 million in Northern Ireland. TV portfolio spend on commissions from the English Regions jumped by a substantial 67% to £178 million (a £72 million rise), and a further £6.9 million was spent on multi-region content (a small decline of 4%, or £0.3 million). Setting aside multi-region, spend rose year-on-year

in all the individual Nations and English Regions. The largest changes were in the Midlands (up 149%), North of England (up 88%) and Wales (up 76%).

Looking at the totality of Channel 4's content (originations and acquisitions), expenditure across its services in 2021 was £671 million – a rise of £149 million (29% up year-on-year). This is a higher level of spend than in the previous three years (2018-2020). The main channel continued to account for the bulk of the investment (79% of the total); its budget was £527 million this year, with spend rising by £107 million, a 25% rise. Across the digital TV channels, spend totalled £119 million, a £29 million rise (33% up). And content spend in digital media more than doubled to £25 million (up by £13 million, equivalent to 108%).

Total content spend (£m)

	Main channel	Digital channels	Digital media	Total
2021	527	119	25	671
2020	420	90	12	522

Originated content spend (£m)

	Main channel	Digital channels	Digital media	Total
2021	438	42	12	492
2020	337	9	4	370

Investment in originated content outside of London (portfolio) (£m)

	Total
2021	222
2020	141

Future metrics (continued)

55%

Channel 4 shows different kinds of cultures and opinions

51%

Channel 4 pushes boundaries

47%

Channel 4 always tries something new

Vision: Channel 4's distinctiveness

As part of its SMCP, Channel 4 has historically reported its leads over the other main PSBs across a series of tracker statements linked to its public service remit. Tracker statements such as these are a valuable way of assessing Channel 4 against its remit, but the existing approach has become increasingly outdated. The new framework includes *tracker statements that are updated compared to the earlier ones in several ways: first, the language of the statements has been refreshed so they remain both relevant to the remit and easily understood by respondents. Second, whereas previously we sought perceptions just of Channel 4's main channel, now we ask about views of Channel 4's full portfolio of TV channels and services. And third, we have broadened the competitor set so that it includes not only the other PSBs (as before) but also Sky and the leading streaming services.*

In 2021, Channel 4 was the highest-scoring brand for two of the tracker statements presented here, and the second-highest-scoring brand for the other one.

55% of respondents believe that Channel 4 performed strongly (scoring at least 7 on a 10-point scale) for "showing different kinds of cultures and opinions of the UK". This compares to other brands' scores ranging from as low as 13% up to 49%. The competitor brands had an average score of 31%, giving Channel 4 a 24-percentage-points lead over this average. It was also 16 points ahead of the 39% average for the other PSBs, and 6 points ahead of the next-highest-scoring brand (the BBC).

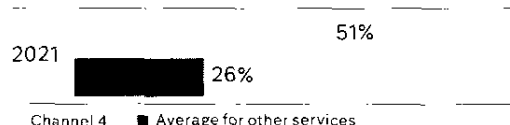
51% of respondents believe that Channel 4 performed strongly for "pushing boundaries". This compares to other brands' scores ranging from 11% up to 41%. Channel 4's lead over the average score of the other brands was 25 percentage points (with only a slightly smaller lead over the other PSBs, of 24 points). It scored 10 points more than the next-highest-scoring brand (Netflix's 41%).

Finally, 47% of respondents believe that Channel 4 performed strongly for "always trying something new", ranking in second place behind Netflix (52%, five percentage points higher). The other brands' scores ranged from 20% up to 36%. Channel 4's lead over the average score of the competitor brands was 15 points (it had a higher lead over the other PSBs, of 18 points). The third-highest-scoring brand was Amazon Prime (with 36%, 11 points behind Channel 4), meaning that Channel 4 was the only PSB brand to appear in the top 3 for this statement.

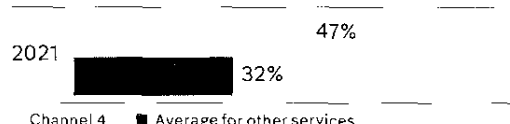
Channel 4 shows different kinds of cultures and opinions



Channel 4 pushes boundaries



Channel 4 always tries something new





Engaging the audience

In 2021, television viewing patterns returned towards their pre-Covid-19 levels after a year of unprecedented change, and some longer-term trends reasserted themselves. The impact on Channel 4 was mixed. The most significant overarching trend over the last decade has been for viewing to migrate from traditional TV channels to video-on-demand ('VoD') services. This benefited our streaming service All 4 – especially with our new Future4 strategy – while putting further pressure on the linear TV channels. Exacerbating this, the one-off surge in viewing towards the main PSB channels when the UK went into lockdown in early 2020 had disappeared this year. And younger viewers in particular – a key audience for Channel 4 – continued to move away from traditional TV faster than other groups, impacting the metrics that report viewing by 16-34-year-olds.

Offsetting these trends, Channel 4 was able to restore pre-Covid-19 levels of programme investment in 2021, resulting in a richer and more diverse schedule. This was reflected in strengthened scores for Channel 4 when audiences were asked which of the main PSB channels is best for catering for audiences other channels don't cater for. And it enabled Channel 4 to buck longer-term trends and grow overall portfolio viewing share, as well as share amongst ethnically diverse audiences.

These patterns were also reflected in viewing to news: whilst the overall reach of *Channel 4 News* fell back to pre-Covid-19 levels this year, and there were viewing declines amongst young audiences, the share of viewing accounted for by ethnically diverse audiences increased year-on-year.

We Are Lady Parts



Extraordinary Extensions

Kathy Burke: Money Talks



Engaging the audience (continued)

10.3%

viewing share across
the TV channel
portfolio

Up 1%

on last year

TV viewing share

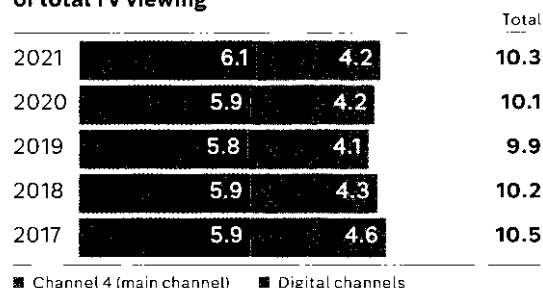
Channel 4 increased its TV portfolio viewing share year-on-year for the second consecutive year in 2021. Total viewing was 10.3% across the TV channel portfolio, an increase of 0.2 percentage points (equivalent to a 1% rise).

This growth in portfolio share was accounted for by the main channel, whose share also rose by 0.2 percentage points to 6.1% (a rise of 3%), its highest level since 2013. This is a very impressive performance, in a year in which audiences' viewing habits started to return to normal after the huge changes in 2020 that saw Channel 4 and other PSBs enjoy increased viewing as people turned to them for news of the Covid-19 pandemic and for mainstream entertainment. This year's rises saw Channel 4 partially reversing longer-term declines caused by increased competition in the linear TV space and the migration of younger viewers to video-on-demand services.

Amongst notable areas of growth this year, the main channel's share in the peak hours of 8pm-11pm was 8.11%, its highest since 2010. And its share in daytime (6am-6pm) was 4.89%, an increase of 5% year-on-year – resulting in the best weekday daytime share since 2014 and the best weekend daytime share since 2018.

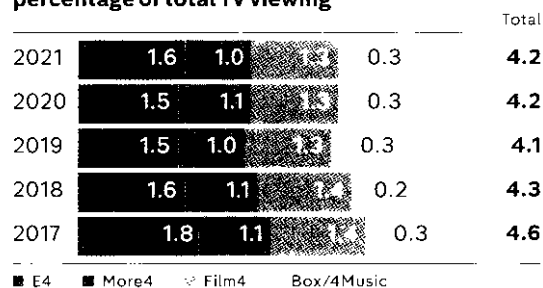
Turning to the digital channels, there were only marginal changes this year. E4's share rose by 0.1 percentage point, More4's share dropped by the same amount, while Film4 and the Box music channels both held steady. Total viewing to the digital channels was flat (4.2% in both 2020 and 2021).

Channel 4 portfolio share as a percentage of total TV viewing



Source: BARB.

Viewing share of digital channels as a percentage of total TV viewing



Source: BARB.

Engaging the audience (continued)

70.5%

of all TV viewers
reached every month
across Channel 4's TV
channels

Down 2.5pts

on last year

Audience reach

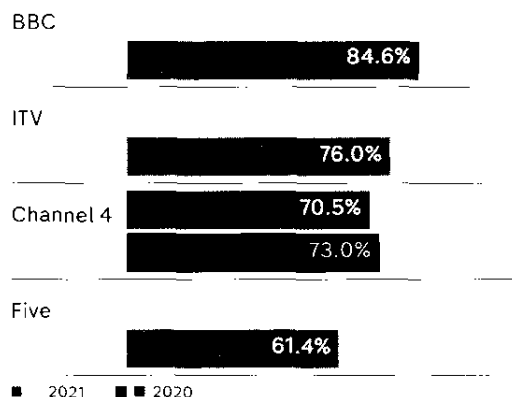
Channel 4 is the third-biggest UK broadcaster in terms of audience reach, behind only the BBC and ITV. In 2021, 70.5% of individuals in homes with a TV watched Channel 4's TV channels for at least 15 consecutive minutes each month on average (live or catching up within a week of transmission). With viewing continuing to migrate to streaming services (including the broadcasters' own services, which are not reported in this metric), overall TV reach fell by 2.5 percentage points year-on-year, continuing the declines experienced over the last decade, albeit at a marginally smaller rate than in the previous three years (when annual reach fell by between 2.7 and 2.9 points).

The main PSBs have all suffered reductions in the reach of their traditional TV channels in each of the last five years. In 2021, the scale of their annual declines ranged from 0.9 percentage points (for ITV) up to 3.6 points (Channel 5), with Channel 4's 2.5-point decline sitting just below the mid-point of this range.

Turning to the individual channels in Channel 4's TV portfolio, the main channel's reach fell by 2.5 percentage points year-on-year, while the digital channels experienced annual declines ranging from 0.9 points (Box music channels) up to 3.2 points (Film4).

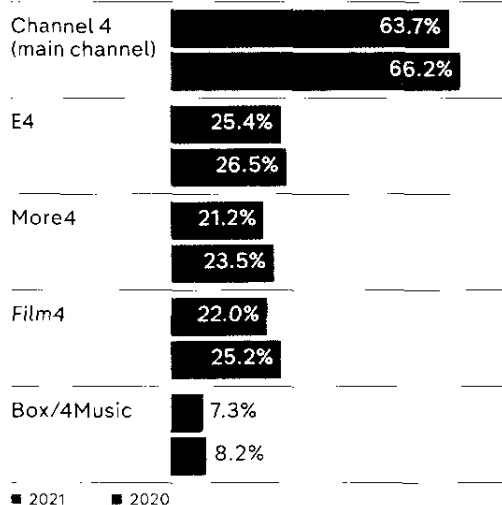
Note that the declines in reach presented here only cover traditional viewing and are partially offset by the continued strong growth in video-on-demand viewing to Channel 4's programmes, as viewers continue to rebalance their overall TV viewing away from linear channels and towards viewing on streaming services (see 'On demand viewing' opposite, on page 95).

Average monthly reach of public service broadcasters' TV portfolios



Source: BARB, 15-minute consecutive, average monthly reach, all people

Percentage reach of individual TV channels in Channel 4 portfolio



Source: BARB, 15-minute consecutive, average monthly reach, all people

Engaging the audience (continued)

1,518m

programme views
initiated on demand

Up 21%

on last year

On-demand viewing

In another year punctuated in part by lockdowns, consumption of TV programmes via on-demand services continued to rise, with growth in 2021 spreading in particular amongst older audiences. Channel 4's All 4 streaming service lies at the heart of its Future4 strategy (see page 20), which seeks to accelerate the organisation's pivot to digital, prioritising digital growth over linear ratings. In content terms, this means investing more in the types of programmes audiences love to binge on demand. An example of this in 2021 was the launch of 'True Crime on Channel 4', a new multiplatform content offering for True Crime fans pulling together new commissions, archive and acquisitions in a new dedicated space.

As a result of these developments, on-demand viewing of All 4 content grew by more than 20% for the second consecutive year. There were 1.52 billion programme views initiated through All 4-branded platforms – which include PCs, smartphones, tablets, games consoles and connected TVs – in 2021, an increase of 21% on the year before. In absolute terms, the number of views rose by 265 million, the biggest ever increase in absolute terms for this metric (exceeding last year's rise, which itself was a new record). Over the last two years, the number of views has risen by more than 50%, an impressive rate of growth.

The strongest area of growth in 2021 continued to be on 'big screen' devices, i.e. connected TVs and streaming devices that plug into TVs, with viewing up by 32%. However, growth was more evenly spread across platforms this year compared to recent years, with viewing also up by 29% on Channel 4's owned and operated services, and up by 22% on mobile and tablet platforms.

On-demand viewing (million)

2021	1,518
2020	1,253

Source: Channel 4.

Engaging the audience (continued)

9.2%

portfolio viewing share
amongst ethnically
diverse audiences

Up 3%

on last year

5.4%

main channel viewing
share amongst
ethnically diverse
audiences

Up 3%

on last year

Share amongst hard-to-reach audiences – ethnically diverse

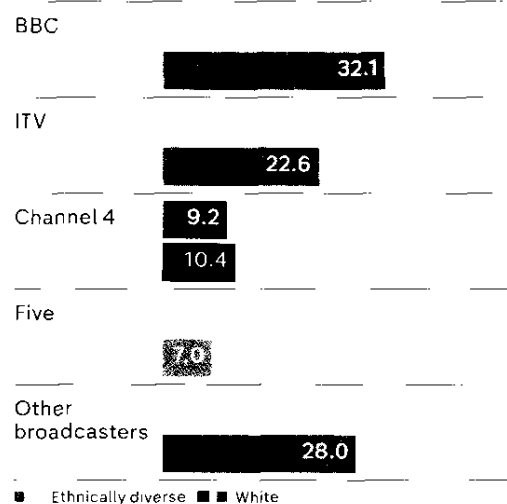
As part of Channel 4's remit to make programmes that appeal to people from different cultural backgrounds, it is especially important for the broadcaster to attract audiences from ethnically diverse groups. While the PSBs all have lower overall viewing shares amongst ethnically diverse audiences than White audiences across their portfolios, Channel 4 strives to make this differential as small as possible and strengthened its performance on this metric in 2021.

This year, Channel 4's TV portfolio attracted a 9.2% viewing share amongst ethnically diverse audiences. The corresponding share amongst White audiences was 10.4%, giving a viewing share differential between ethnically diverse and White audiences of 12%. This is the best performance (i.e. the lowest viewing share differential) of all the PSB portfolios: the BBC, ITV and Channel 5 all had significantly higher differentials in the range of 19% to 21%.

After losing ground in 2020 due to the unusual viewing patterns when the Covid-19 pandemic hit, Channel 4's viewing share amongst ethnically diverse audiences returned to its 2019 level this year, growing by 0.3 percentage points year-on-year, equivalent to a 3% rise in percentage terms. This is a higher rate of growth than that amongst White audiences, which was up by 1% year-on-year. As a result, the 12% differential is one percentage point better than (i.e. below) last year's figure of 13%.

Focusing on the main channel, Channel 4's viewing share amongst ethnically diverse audiences was 5.4% in 2021. This was up by 3% year-on-year and is at its highest level since 2012.

Public service broadcasters' portfolio viewing shares amongst White and ethnically diverse audiences as a percentage of total TV viewing by those audiences (2021)



Source: BARB.

Note: Viewing by ethnically diverse audiences compared to viewing by White audiences

Engaging the audience (continued)

15.0%

portfolio viewing
share amongst
16-34-year-olds

Down 5%

on last year

8.2%

main channel viewing
share amongst
16-34-year-olds

Down 5%

on last year

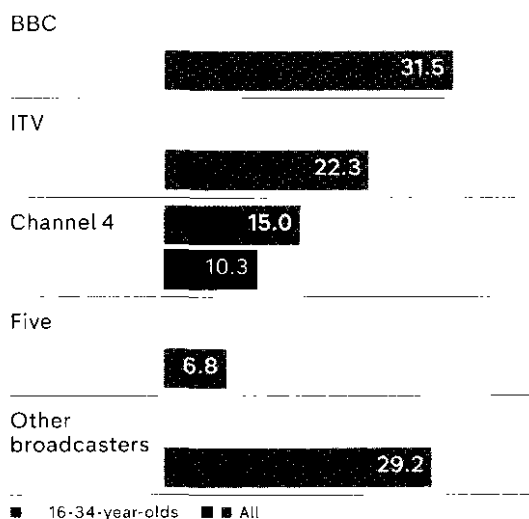
Share amongst hard-to-reach audiences – 16-34-year-olds

Channel 4 is unique amongst the PSBs in that its TV channels attract a significantly larger share of viewing amongst hard-to-reach 16-34-year-olds than across the overall population. Across its TV channel portfolio, Channel 4's viewing share amongst 16-34-year-olds was 15.0% in 2021, a figure that is 46% higher than the corresponding all-audience share of 10.3%. Conversely, the other PSBs' 16-34 viewing shares were either below their all-audience shares across their portfolios – by as much as 18% for Channel 5 and 22% for the BBC – or only slightly higher (by 6% for ITV).

Channel 4's 46% viewing differential was nine percentage points lower than the corresponding 2020 figure of 55%. While overall viewing was up by 1% in 2021 (from 10.1% in 2020 to 10.3% this year), viewing amongst 16-34-year-olds decreased by 5%, from 15.7% in 2020 to 15.0% this year. This decline in portfolio viewing share was disappointing and Channel 4 has started a programme of work to look at how to better engage with young people on linear TV. In 2021, this decline may be partly attributed to the return of the summer edition of *Love Island* to ITV2, and to coverage of the major sporting tournaments on the BBC and ITV (football Euros and Tokyo Olympics, both postponed from 2020).

On the main channel, Channel 4's viewing share amongst 16-34-year-olds was 8.2% in 2021. While this was down by 5% year-on-year, it remained 2% above the 2019 level.

Public service broadcasters' portfolio viewing shares amongst 16-34-year-olds and all audiences as a percentage of total TV viewing by those audiences (2021)



Source: BARB.

Note: Viewing by 16-34-year-olds compared to all audiences.

Engaging the audience (continued)

3.9%

viewing share
for E4 amongst
16-34-year-olds

Down 2%

on last year

Most popular channels for young viewers

In 2021, viewing to E4 by 16-34-year-olds held steady year-on-year with a share of 3.9% (in percentage terms it fell slightly, by 2%). After dropping to its lowest viewing share in the last decade in 2020, Covid-19-related factors meant that it was challenging for E4 to regain ground this year.

A major contributor to the channel's performance is its nightly youth-focused soap *Hollyoaks*. The number of episodes of *Hollyoaks* was cut back significantly in 2020 when the first lockdown came into effect, with 162 episodes transmitted that year. While this year's episode count was back up to 256 (the same as in 2019), filming restrictions had a substantial impact on production: social distancing rules limited the number of cast and crew on set and on screen at any one time, and interactions between characters had to be restricted (more so than on other soaps, which have custom-built sets). Storylines were also affected by last-minute cast absences and illnesses. These factors all impacted on the quality of the programme and viewing declined (per-episode viewing was 25% down year-on-year).

Nonetheless, E4 remained the second-most-watched digital TV channel in the UK amongst 16-34-year-olds. Of the digital channels, only ITV2 had a higher share (this year, it recovered – up 18% – after the return of the summer edition of *Love Island*, which was cancelled in 2020 due to the pandemic). Across all TV channels, E4 was level with Channel 5, but fell behind BBC Two, whose share rose by 6% to 4.0%. Overall, E4 was the joint-sixth most popular TV channel for 16-34-year-olds in 2021.

Channel 4 remained the third most popular TV channel for 16-34-year-olds, behind only ITV and BBC One, with a 7.8% viewing share. After enjoying a big boost to its viewing in 2020 after young audiences turned to it for news and mainstream entertainment programming when the UK went into lockdown, 16-34 viewing fell back in 2021, by 4%, but its share was still higher than at any point between 2015 and 2019.

Viewing share for the top 10 channels amongst 16-34-year-olds as a percentage of total viewing by this age group

		Year-on-year change
ITV1	16.1%	+12%
BBC1	15.9%	+13%
Channel 4	7.8%	-4%
ITV2	5.5%	+18%
BBC2	4.0%	+6%
Five	3.9%	-4%
E4	3.9%	-2%
CBeebies	2.9%	-6%
Sky 1	1.0%	-37%
Dave	1.9%	+14%

Source: BARB.

Engaging the audience (continued)

8%

of viewing to *Channel 4 News* programmes on the main channel in 2021 accounted for by viewers aged 16-34

Down 3pts
on last year

17%

of viewing to *Channel 4 News* programmes on the main channel in 2021 accounted for by ethnically diverse viewers

Up 2pts
on last year

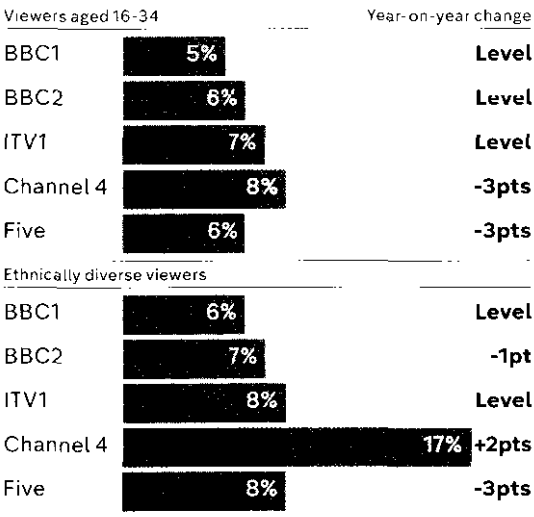
Viewing to national news

Channel 4 News has traditionally enjoyed a uniquely strong appeal to young and ethnically diverse audiences. In 2021, it enjoyed mixed fortunes: its appeal to ethnically diverse audiences reached record levels, while its appeal to 16-34-year-olds dropped off but remained stronger than for any of the other main PSB channels.

Starting with young audiences, 16-34-year-olds accounted for 8% of *Channel 4 News*' audience this year, higher than the corresponding viewer profiles of the other main PSB channels' national news programmes, which ranged from 5% to 7%. *Channel 4 News*' figure was three percentage points down year-on-year, continuing the steady declines over most of the last decade as young audiences migrate faster than other age groups to digital and social media for their news consumption (see 'Reach of *Channel 4 News*' on page 100, for its growth on other platforms). As a result, this group's share of news viewing fell to its lowest-ever level on this metric. This is in line with the performance of the other PSBs, whose 16-34 shares of news viewing were also all at their lowest, or joint-lowest, levels.

Conversely, *Channel 4 News*' appeal is stronger than ever and growing for ethnically diverse audiences. This group represented 17% of its total viewing in 2021, an increase of two percentage points year-on-year, taking this figure to its highest-ever level since it was first reported in 2009. *Channel 4* remains the only main PSB channel whose news viewing by ethnically diverse audiences exceeds this group's representation in the UK population (estimated to be around 13% to 14%): the other channels' news programmes had ethnically diverse viewing profiles in the range of just 6% to 8%.

Percentage of viewing to national news programmes on the main PSB channels in 2021 accounted for by 16-34-year-olds and ethnically diverse viewers



Source: BARB.

Engaging the audience (continued)

7.7m

people watched
Channel 4 News
each month

Down 21%

on last year

Reach of *Channel 4 News*

In 2021, an average of 7.7 million people watched *Channel 4 News* for at least 15 consecutive minutes each month on the main channel, across the main weekday evening programmes and the daytime and weekend bulletins. After jumping in 2020 to its highest level in almost a decade (9.8 million people), as Channel 4 expanded its news output following the outbreak of the Covid-19 pandemic and the imposition of lockdowns, reach fell back to its pre-Covid-19 trend in 2021. It dropped by 21% year-on-year, to just below the 2019 level of 7.8 million people. Comparing the latest figure with 2019 to sidestep the specific circumstances in 2020, the 2021 reach was 2% below the corresponding level of two years ago. Given the context over the last few years of audiences migrating to digital and social media for their news, it is an achievement for *Channel 4 News*' reach to have remained so close to its pre-Covid-19 level two years on.

The story is similar for the main weekday evening programme specifically (which usually airs at 7pm): its overall viewing share was 3.6% of individuals in 2021, a year-on-year decline of 15% that takes the share to slightly below 2019's level (just 3% less than the 2019 viewing share of 3.7%). Despite the decline in 2021, the main weekday evening news programme's share remained higher than at any point between 2011 and 2018.

The figures above exclude the programme's growing presence on digital and social media. On Twitter, a video on Professor Chris Whitty responding to concerns that the NHS was prioritising Covid over other serious health issues drew 3.3 million views, while our fond farewell to presenter Jon Snow received 1.2 million views. Snap had a strong year, with our two strands *Divided America* and *Divided World* becoming mainstays of our digital output, with a loyal audience of nearly 400,000 subscribers. Our podcasts *The Fourcast* and *Ways to Change the World* continued to build their audiences, each with around 1 million downloads across the year. TikTok was a new focus in 2021, with pieces on subjects such as upskirting, needle spiking and the increased visibility of disability on reality TV together drawing over 1 million likes. Across the main social platforms (Facebook, YouTube, Twitter, Instagram, Snapchat and TikTok), *Channel 4 News* had 10.1 million followers/subscribers by the end of 2021.

Engaging the audience (continued)

19pts

lead over average for other channels for catering for audiences that other channels don't cater for

Up 1pt

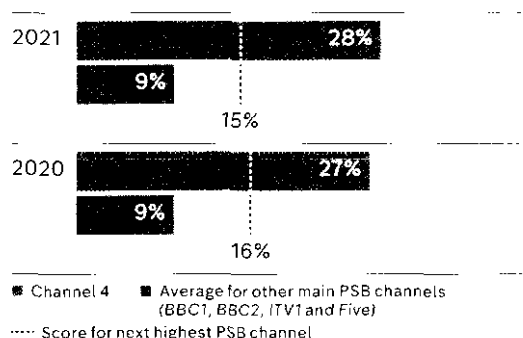
on last year

Channel reputations – catering for audiences other channels don't cater for

In 2021, 28% of respondents selected Channel 4's main channel over the other main PSB channels as catering for audiences other channels don't cater for. This gave Channel 4 a lead of 19 percentage points over the average of the other main PSB channels, and a 13-point lead over the next-highest-scoring channel (Channel 5).

All three of these figures were up year-on-year. The proportion of people selecting the main channel and its lead over the average of the other main PSB channels both rose by one percentage point, and its lead over the next-highest-scoring channel was up by two points. Taking a longer-term view, Channel 4's average lead over other channels this year is at the top end of the 10-22-point range it has occupied over the last decade.

Caters for audiences other channels don't cater for



Source: Ipsos MORI commissioned by Channel 4.

986m

total visits to Channel 4's websites, mobile sites and apps

Up 24%

on last year

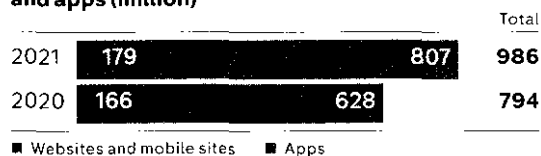
Total visits to Channel 4's websites and apps

In 2021, Channel 4's websites and apps achieved record rates of growth, reaching a new high of almost 1 billion visits. The exact total of 986 million visits was 24% higher than the corresponding figure for 2020 and is the highest percentage growth rate for nine years. Moreover, in absolute terms, the year-on-year increase of almost 200 million visits is by some distance the largest ever rise for this metric.

The dedicated All 4 app – which is available on a wide range of smartphones, tablets and connected TVs – continued to represent a growing share of the total: it accounted for 82% of all visits in 2021 (up from 79% in 2020), with the remaining 18% being visits to Channel 4's websites (including mobile sites).

As in recent years, growth was driven primarily by visits to All 4 apps, which were up by 28% in 2021. But visits to Channel 4's websites also rose this year, by 8%, the first time there has been a material (more than 1%) year-on-year rise in this figure since the metric was first reported in 2010. This may be because, as the market for video-on-demand ('VoD') apps becomes more mature, the platform shift observed in earlier years – whereby people who used to consume VoD on websites switch to viewing on apps – is coming to an end. So now VoD viewing is growing on all platforms, with website VoD viewing on laptops, for example, reinforcing its place in the overall mix.

Total annual visits to Channel 4's websites and apps (million)



Source: Channel 4.

Engaging the audience (continued)

76%

of total viewing across the main channel, E4 and More4 accounted for by network originations

Up 4%

on last year

Viewing to network originations

Channel 4's output can be divided between 'network originations' – i.e. programmes commissioned by Channel 4 and transmitted on any of the channels in its TV portfolio – and programmes that were acquired by Channel 4 (primarily US content). Network originations are important as Channel 4 delivers its public remit for the most part through its investment in original content: these are the programmes over which it has creative and editorial influence in partnership with the production companies that Channel 4 commissions to make them.

In 2021, network originations accounted for a record 76% of total viewing to the main channel, E4 and More4, the highest level since this metric was first reported in 2008. This figure has been on an upward trajectory now for eight years (rising in seven of those years and holding steady in 2020) and is 13 percentage points above its level in 2013, from which point it started growing. Year-on-year, network originations' 76% share of total viewing is up by three percentage points (a 4% rise).

There are similar increases when we look at the volume of programming in the schedules. Network originations represented 67% of all hours across the schedules of the main channel, E4 and More4 in 2021, also the highest level since this metric was first reported in 2008. Year-on-year, this figure also rose by five percentage points (an 8% increase).

Comparing these viewing and output figures, network originations continue to be responsible for a disproportionately high share of overall viewing to the main channel, E4 and More4, outperforming acquired programmes: in 2021, they generated a higher share of viewing (76%) than their corresponding share of the volume of programming (67%).

Please note that:

1. The Film4 and 4Music/Box channels are excluded from this metric as their output is primarily made up of acquired feature films and content.
2. Network originations differ from the narrower Ofcom definition of 'originations', which only count programmes on the individual channel that commissioned them. Network originations better reflect the multichannel world by taking into account the multiple opportunities broadcasters can provide viewers to catch up on programmes across their digital TV portfolios

Innovation through content

Stand Up & Deliver

This was a year of growth and recovery for Channel 4 after the enforced cuts in investment in 2020 following the onset of the Covid-19 pandemic, which triggered a hiatus in TV production and large declines in the advertising market. In 2021, by contrast, our advertising revenues were back up by 25% year-on-year, and new production protocols developed by the industry – along with the government's insurance scheme for the sector – allowed Channel 4's commissions to get off the ground in a period when Covid-19-related restrictions remained in force and were subject to frequent changes.

This bounce-back is reflected in the investment metrics reported in this section, all but one of which increased year-on-year – many by large amounts, and some to amounts that exceeded their 2019 levels prior to the pandemic. Thus, our overall investment in content rose to its highest amount since 2017 and investment in originations was back up to its 2019 level. The amount of money spent outside London was higher than in any previous year, after rising by more than 50% in 2021; and the proportions of total hours and spend invested in the Nations and Regions also reached their highest ever levels. The number of external suppliers Channel 4 worked with was at its highest level in four years, with growth particularly strong amongst digital media companies as our new Future4 strategy was rolled out.

Are Women the Fitter Sex?

Innovation through content (continued)

Meeting Channel 4's licence obligations		Compliance minimum	2021
Average hours per week			
News	In peak-time (6-10.30pm)	4	4
Current Affairs	Overall	4	6
	In peak-time (6-10.30pm)	2	3
Hours per year	Schools	1	15
Percentage			
Origination production	Overall	56	64
	In peak-time (6-10.30pm)	70	81
Independent production		25	59
European independent production		10	31
European origin		50	65
Subtitling for the deaf and hard of hearing		90	91
Audio description		10	36
Signing		5	5
Regional production		35	55
Regional hours		35	66
Production in the Nations		9	9
Nations hours		9	10

Innovation through content (continued)

£671m

spent on content
across all services

Up 29%

on last year

£646m

invested in originated
and acquired
programming across
the Channel 4 TV
portfolio (all genres)

Up 27%

on last year

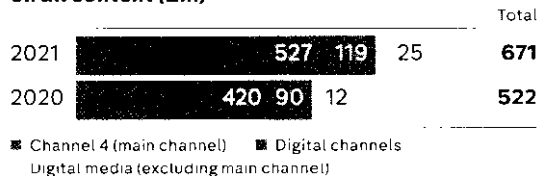
Investment in all content

Channel 4 was back to full strength in 2021 following the enforced budget reductions the year before. It spent £671 million on content across its services, equivalent to £149 million more than in 2020, a substantial increase of 29%. This is a higher level of investment than in the previous three years (2018-2020) and is the third-highest investment in Channel 4's history (behind only the amounts achieved in 2017 and 2016, when it peaked at £695 million).

The main channel – which attracts the biggest audiences in the portfolio – continued to account for the bulk of the investment: its budget was £527 million this year, 79% of the total. Investment on the main channel rose by £107 million, a 25% rise. Spend was also up on the digital services (i.e. the digital TV channels and digital media), which accounted for the other 21% of content investment. Across the digital TV channels, spend totalled £119 million, a £29 million rise (33% up). And content spend in digital media more than doubled to £25 million (up by £13 million, equivalent to 108%).

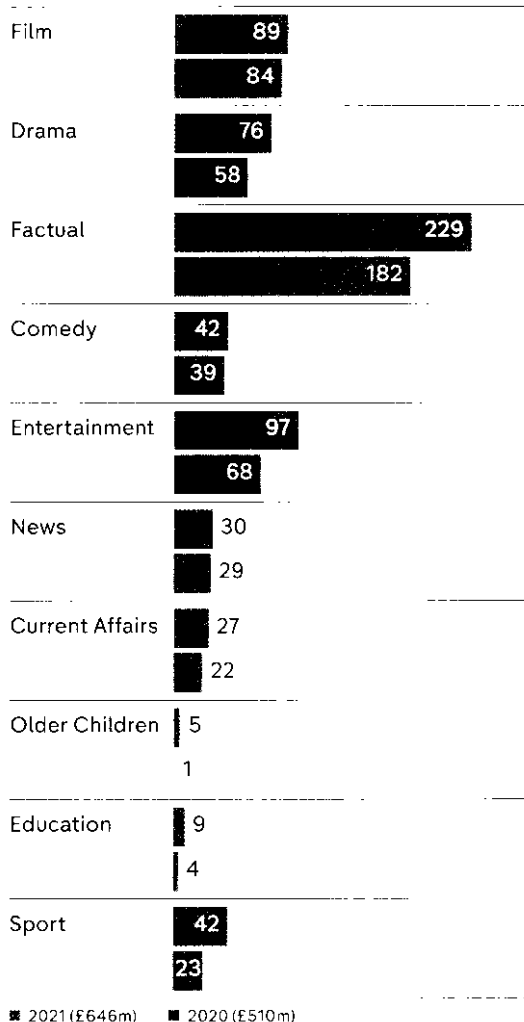
Focusing on the TV portfolio, i.e. the main channel and digital TV channels, total spend was £646 million in 2021, £136 million more than in 2020 (a 27% rise). Spend was up year-on-year in every single genre. In terms of absolute levels of investment, the biggest rises (of more than £10 million) were in Factual (up by £47 million), Entertainment (£29 million), Sport (£19 million) and Drama (£18 million). In percentage terms, there were also large increases (of more than 100%) in programmes for older children (up by 369%) and Education (up by 129%) – while the absolute values of these increases were relatively small, these are genres where Channel 4 was committed to increase investment and the percentage increases reflect the greater ambition in these areas.

Spend across the Channel 4 network on all content (£m)



Source: Channel 4.

Total investment in originated and acquired programming across the Channel 4 TV portfolio by genre (£m)



Source: Channel 4

Innovation through content (continued)

72%

of the main channel peak-time schedule devoted to first-run originations

Up 7pts

on last year

Output mix on Channel 4

After a year that saw significant reductions in the volumes of first-run and originated content on the main channel in 2020, the balance in the schedule between originations and acquisitions, and between first-run programmes and repeats, returned to pre-Covid-19 levels in 2021.

During peak-time hours (defined by Ofcom as 6-10.30pm) – when Channel 4 premieres the bulk of its originations, as they can reach the largest audiences – the share of first-run originated programming on the main channel was 72%, seven percentage points up year-on-year. This figure lies within the narrow 72%-74% range that was achieved in the five years prior to Covid-19 (2015-2019). Repeats of original programming accounted for another 9% of hours (down by five points year-on-year), meaning that total originations comprised 81% of peak-time output – two points up year-on-year and well ahead of Ofcom’s 70% licence requirement.

There is a more balanced spread of originations and acquisitions in the daytime schedules. Originations represented 64% of output on the main channel across the day in 2021 – four percentage points more than in 2020 and the highest level for this figure since 2016 (as well as being comfortably above the 56% Ofcom quota).

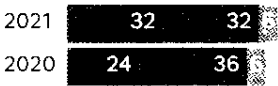
Overall, in peak-time, there was a rebalancing back to originations from acquisitions of two percentage points, and an eight-point rise in the share of first-run programming (with a corresponding drop in repeats). Across the whole day, there were similar shifts towards originated and first-run programmes, the shares of which were up by four points and eight points, respectively.

Percentage of output on the main channel accounted for by originations and first-run programmes

Peak (6-10.30pm)



All day



■ Originations – first-run ■ Originations – repeat
■ Acquisitions – first-run ■ Acquisitions – repeat

Source: Channel 4.

Innovation through content (continued)

£492m

spent on originated content across all services

Up 33%

on last year

Investment in originated content

Channel 4 delivers its public remit primarily through the original content that it commissions and invests in. Its investment in original content returned to pre-Covid-19 levels in 2021, with spend on the main channel and across the whole portfolio closely mirroring 2019 levels.

Total expenditure on originated content (first-run transmissions and repeats) across its TV channels and online services was £492 million in 2021, after rising by £122 million year-on-year, a 33% increase. This figure exactly matches the 2019 level.

Investment in originations on the main channel – which attracts the biggest audiences and correspondingly accounts for the large majority of Channel 4's content budget – was £438 million (89% of the total). After rising by £101 million year-on-year (a 30% jump), it now exceeds 2019's level by £1 million.

Beyond the main channel, £42 million was spent on original content for the digital channels, £13 million more than in 2020 (a 48% rise). Spend on digital media content (including websites and cross-platform content) trebled year-on-year from £4 million to £12 million in 2021, its joint-highest-ever level (previously achieved in 2010). Comparing investment in 2019 and 2021, the key difference is a rebalancing of funds from the digital TV channels to digital media, reflecting the new Future4 strategy (see page 20).

Spend across the Channel 4 network on originated content (£m)

		Total
2021	438 42 12	492
2020	337 29 4	370

■ Channel 4 (main channel) ■ Digital TV channels
Digital media (excluding main channel)

Source: Channel 4.

Innovation through content (continued)

8.7hrs

of first-run originations every day on average across the Channel 4 portfolio

Up 38%

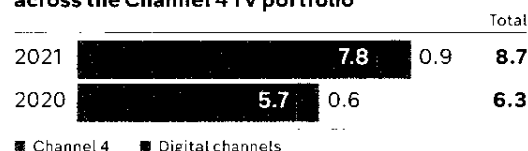
on last year

Originated output across Channel 4 TV portfolio

This year, Channel 4's output recovered from the previous year's enforced fall in the volume of new commissioned programmes following the reduction in its 2020 content budget. In 2021, Channel 4 broadcast an average of 8.7 hours of new commissioned programmes (i.e. first-run originations) every day across the main channel, E4, More4 and Film4. The main channel accounted for 7.8 of these daily hours (89% of the total). There were a further 0.9 hours on the digital channels.

The volume of first-run originations across the TV portfolio rose by a substantial 38% year-on-year, by far the largest annual increase since this metric was first reported in 2008. Hours on the main channel were up by 37% and those on the digital channels rose by 65%. Overall, the volume of first-run originations not only offset the declines in 2020 but also the previous three years' reductions, taking the total to the highest since 2016.

Average daily hours of first-run originations across the Channel 4 TV portfolio



Source: Channel 4.

3,171hrs

of first-run originations across the portfolio

Up 39%

on last year

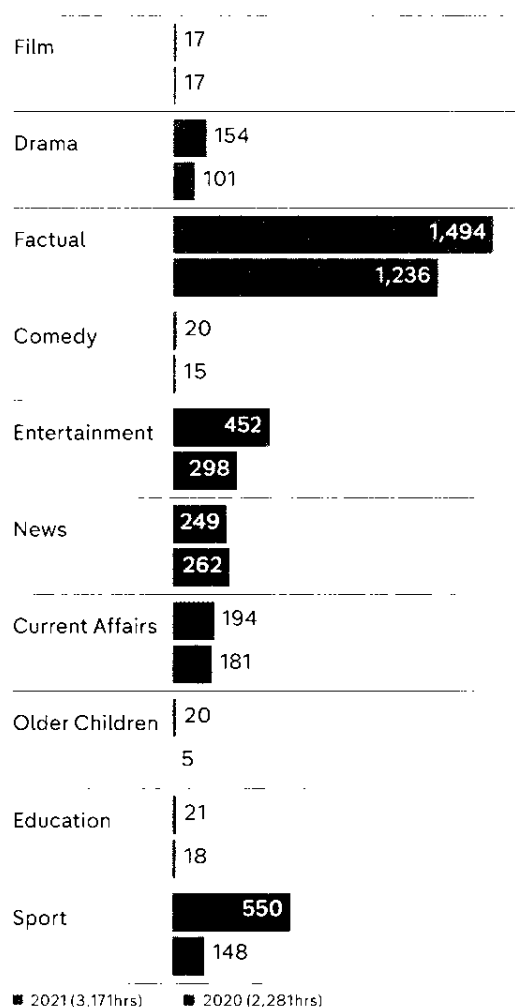
Volume of first-run originations by genre

Channel 4 broadcast 3,171 hours of first-run originated programming across its TV portfolio (main channel and digital channels) in 2021, more than overturning the enforced reductions in 2020 with the highest level since 2016. After dropping by almost 600 hours in 2020, the 2021 total rose by 890 hours year-on-year, a jump of 39%.

Volumes were up for most genres, the exceptions being Film (which was level year-on-year) and News (down by 5%, as the 2020 total was boosted by extended editions of *Channel 4 News* when there were major developments relating to Covid-19).

With Channel 4 able to invest broadly across the whole schedule in 2021, there were big increases in many genres. The volume of programming rose by more than 100 hours in three genres: Entertainment was up by 154 hours (a 52% rise), Factual increased by 258 hours (a 21% rise) and Sport was up by 402 hours (a 271% jump), the latter in large part due to coverage of the delayed Tokyo 2020 Paralympic Games. Other notable rises – of more than 50% – were Drama (52% up) and programmes for older children (this rose by 328%, though in absolute terms the numbers are small: an increase from 5 to 20 hours).

Hours of first-run originations shown across the Channel 4 portfolio by genre



Source: Channel 4.

Innovation through content (continued)

£427m

investment in first-run external UK commissions on the main channel in 2021

Up 30%

on last year

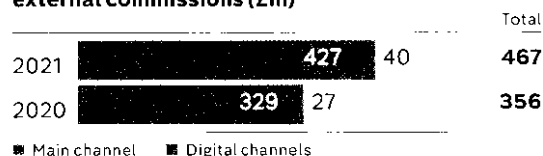
Broadcasters' investment in the production sector

Channel 4 sources 100% of its original programming from external suppliers. An intrinsic part of its operating model, this maximises the benefits of its content investment to the UK's independent production sector.

Channel 4's investment in first-run originations from external suppliers across its TV portfolio bounced back in 2021. On the main channel, spend on external suppliers was £427 million, £98 million more than in 2020, equivalent to an increase of 30%. 48% of this was spent on qualifying independent production companies. A further £40 million was spent on the digital TV channels, 45% more than in 2020 (an increase of £13 million). Channel 4's total investment in first-run originations from external suppliers across its TV portfolio was £467 million, a year-on-year increase of £111 million (up 31%).

Following this year's increases, investment on the main channel in 2021 was just £5 million below 2019's pre-Covid-19 level (£427 million vs £432 million). Across the portfolio, spend was £16 million below the 2019 level.

Expenditure by Channel 4 on first-run external commissions (£m)



Source: Channel 4.

Output from suppliers based outside London:

66%

of first-run originated programme hours

Investment in the Nations and Regions (main channel)

In 2021, Channel 4 delivered its highest ever figures for the proportion of content sourced from the Nations and Regions in both volume and spend terms, with substantial year-on-year increases.

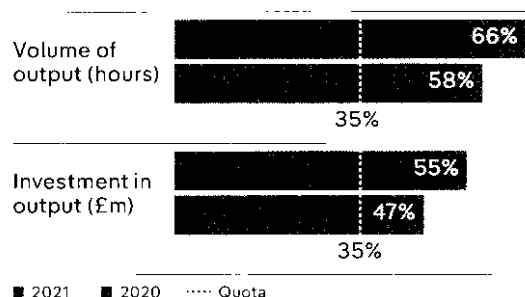
It sourced 66% of the hours of first-run originated programmes on the main channel from suppliers based in the Nations and Regions. This is eight percentage points more than in 2020 and beats by seven points the previous peak level of 59% in 2018.

As a proportion of spend, 55% of its expenditure on first-run originated programming was sourced from suppliers in the Nations and Regions. This is also eight percentage points more than the corresponding figure in 2020, which itself was a then-record proportion of investment.

The big increases in 2021 are due in part to the inclusion this year of some content that was originally planned for transmission in 2020, including coverage of the delayed Tokyo Paralympic Games (the production of which was based in the South of England) and drama *It's A Sin* (North of England).

Both of the figures for 2021 exceed by significant margins the 35% licence quotas set by Ofcom.

Proportion of first-run originated output and spend on Channel 4 which is made outside London



Source: Channel 4.

55%

of the value of first-run originations

Up 8pts

on last year

Innovation through content (continued)

294

companies working with Channel 4 portfolio across TV, film and digital media in 2021, of which 164 were independent TV

Up 7%

on last year

Diversity of supply base

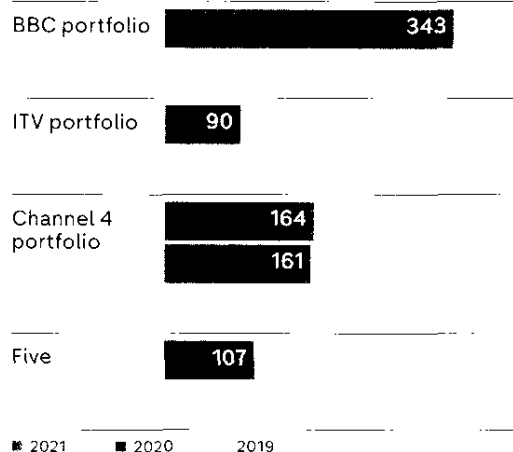
Channel 4 continues to punch above its weight in terms of the extent of its relationships with independent TV production companies ('indies'). In 2020, the most recent year that comparative TV industry data is available, Channel 4 worked with 161 indies across its TV channels. Amongst the PSBs, this was second only to the BBC (343 indies), whose TV portfolio content budget of £1.5 billion in 2020/21 (according to its Annual Plan) is more than double Channel 4's. While ITV's content budget is also much larger than Channel 4's, it only worked with 90 indies.

As Channel 4's content investment levels recovered this year, it was able to expand its supplier base further in 2021 (data is not available for other broadcasters). Across the year, a total of 294 companies supplied the TV, film and digital media content that it commissioned, 20 more than in 2020 (a 7% increase) and the largest number since 2017. In TV, this included 164 indies, three more than 2020's figure (of 161, as used for the PSB comparisons above), a 2% rise. A further 33 non-independent producers gave a total TV supply base of 197 companies (two more than in 2020, a 1% rise).

Looking beyond TV, the biggest year-on-year change was in digital media, reflecting the rollout of the new Future4 strategy and in particular the growth in commissions from 4Studio, our new in-house digital content studio. Channel 4 worked with 55 online suppliers, the highest number since 2017, following a 175% jump compared to 2020 (when the total was just 20). Channel 4 worked with 77 film companies in 2021, two fewer than in 2020 (a 3% decline).

Across all types of content, 38 companies were new suppliers to Channel 4, one more than in 2020. Note that some suppliers worked across TV, film and online; removing the double-counting that arises from suppliers who worked across more than one media gives the total figure of 294 companies cited above.

Number of independent TV production companies supplying the PSBs



Note: 2021 data not available for other PSB channels.
Source: Channel 4, Broadcast (other channels).

Innovation through content (continued)

Output from suppliers
based in the Nations:

10%

of first-run originated
programme hours

Down 2pts

on last year

9%

of the value of
first-run originations

Equal

with last year

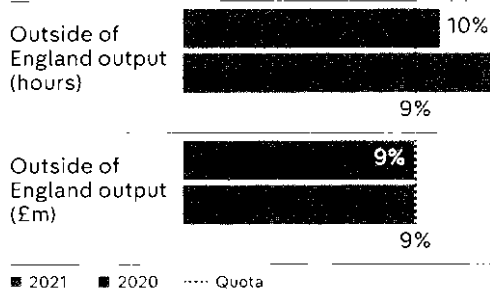
Investment in the Nations (main channel)

In 2021, programmes commissioned in the Nations accounted for 10% of total hours of first-run originations on the main channel. This is one percentage point above the new Ofcom quota (which rose from its level of 3% up to 2019 to 9% from 2020 onwards). After hitting a record level of 12% in 2020, the proportion of Nations commissions fell back, by two points, this year. Looking at the individual Nations, Scotland accounted for 5.4% of commissions this year, Wales 4.2% and Northern Ireland 0.2% (giving a total of 9.8% to one decimal place).

Turning to expenditure, the Nations represented 9% of the total budget for first-run originated programmes on the main channel. This is level with the 2020 figure and is the joint-highest figure achieved on this metric. It comprised 5.8% spent in Scotland, 2.8% in Wales and 0.8% in Northern Ireland – totalling 9.4% to one decimal place, just above the new Ofcom quota.

Commissions from the Nations provided 253 hours of first-run programming on the main channel in 2020, 21% more than in 2020. The reason why the percentage of Nations commissions fell year-on-year, despite the large rise in volume, is due to the large increase in overall commissions in 2021, with a slightly disproportionate share of the increase accounted for by commissions from England. Total spend in the Nations rose even faster than the increase in volume, by 38%, to £36.6 million (up by £10.0 million). This mostly translated into increases in volume and spend for each individual Nation. In Scotland, the volume of commissions rose by 36% to 139 hours, with investment rising by 29% to £22.7 million. In Wales, commissions were up 41% to 108 hours, while investment rose by 75% to £10.7 million. In Northern Ireland, there were only six hours of commissions this year (80% down), but this still represented a 14% increase in investment to £3.1 million, due primarily to the high production values of Brian and Domhnall Gleeson's new peak comedy *Frank of Ireland*.

Proportion of first-run originated output and spend on Channel 4 which is made outside of England



Innovation through content (continued)

£222m

spent on production companies based outside London

Up 57%

on last year

£38m

spent on production companies in the Nations

Up 36%

on last year

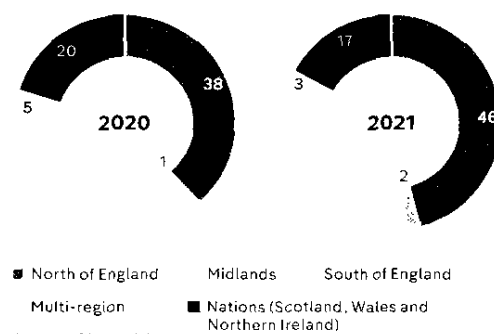
Spend by region across the Channel 4 TV portfolio

In 2021, Channel 4 spent a record £222 million across its TV portfolio on content commissioned from production companies based in the Nations and the English Regions. This represents a year-on-year increase of 57% (an £81 million rise) and is £33 million more than the previous highest out-of-London spend of £189 million in 2017.

Expenditure on content from production companies in the Nations was £38 million this year, a 36% increase year-on-year (a £10 million rise). Scotland accounted for the largest share of this, with a spend of £23.5 million, followed by £10.8 million in Wales and £3.5 million in Northern Ireland. TV portfolio spend on commissions from the English Regions jumped by a substantial 67% to £178 million (a £72 million rise), and a further £6.9 million was spent on multi-region content (a small decline of 4%, or £0.3 million). Setting aside multi-region, spend rose year-on-year in all the individual Nations and English Regions. The largest changes were in the Midlands (up 149%), North of England (up 88%) and Wales (up 76%).

Note: these investment figures for the Nations cover spend across the Channel 4 TV portfolio and differ slightly from those in the previous metric (see above), which relates to the main channel.

Percentage of Channel 4's expenditure across the TV channel portfolio outside London by region (£m)



Making an impact

With Channel 4's 2021 schedule recovering from last year's curtailments in investment and production, we increased our overall average lead over the other main PSBs across 12 tracker statements linked to our public service remit this year (four are presented in this section and eight in the other sections). These benchmark our main channel's reputation against the other main PSB channels, with the results focusing on Channel 4's leads over the other PSBs' average scores. Averaged across the 12 statements, Channel 4's lead over the average for the other main PSB channels was 24 percentage points – one point more than in 2020 and in the middle of the 21-27-point range achieved over the last decade.

There were large increases in the amount of specifically diverse content on the main channel, volumes of which rose to amongst their highest ever levels, in part due to coverage of the Tokyo Paralympic Games. Conversely, the amount of international-themed programming this year remained affected by Covid-19-related travel restrictions and conditions in other countries that limited our ability to commission new shows. Still, the Film4 channel was able to strengthen its contribution to diverse voices, showing more films from around the world (outside the US) than at any point in the last decade.



The Money Maker

Football's Gambling Addiction



Murder Island



Making an impact (continued)

43hrs

of first-run programmes covering international topics on Channel 4 (excluding news) and *True Stories* across the portfolio

Down 44%

on last year

162hrs

of first-run foreign-language content across the portfolio

Down 11%

on last year

Range of international programming

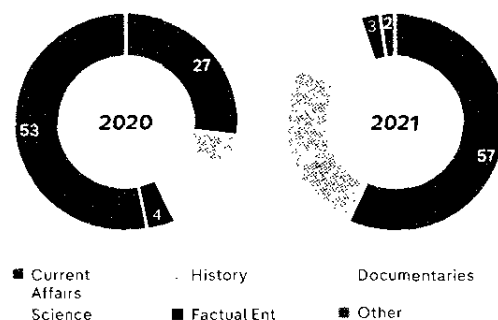
Channel 4's coverage of international themes extends across a range of genres in the schedule. In 2021, excluding *Channel 4 News*, there were 43 hours of first-run programmes with an international theme on the main channel and in the dedicated cross-platform international documentary strand, *True Stories*. There were two hours of *True Stories* on Film4 in 2021 (the same as in 2020). The total international volume is 44% below last year's figure of 76 hours (33 fewer hours) and is the lowest figure for this metric in the last decade. The decline was due in part to the presence in 2020 of a 20-part Lifestyle series, *Work on the Wild Side*, which did not return this year. In addition, some international-themed programming that would have been commissioned in 2020 for transmission in 2021, such as *Travel Man*, was postponed due to travel restrictions relating to Covid-19.

This year, Current Affairs was the biggest single genre, with 57% of total first-run hours of international programming (excluding news), up from 27% in 2020. The percentage jump was mostly due to the genre representing a bigger share of a smaller total: in volume terms, international Current Affairs output rose by three hours year-on-year. Alongside the long-running *Unreported World* and *Dispatches* strands, major series this year included *The Man Putin Couldn't Kill* and the harrowing *Taken: Hunting the Sex Traffickers*. The second-biggest genre was History, with 27% of the total (up from 5% in 2020). Highlights this year included *Bin Laden: The Road to 9/11* and *Empire State of Mind*.

Channel 4's acquired TV programmes and films also include diverse content from around the world, including the Walter Presents service's curated foreign-language TV shows. This year, the main channel showed 12 series premieres, with the launch of *Monster* attracting 360,000 viewers. A further five series were launched on More4, with the second series of *Arctic Murders* averaging 331,000 viewers – the highest figure for any Walter Presents series on the channel since 2018. Taken together, the Walter Presents-branded foreign-language dramas shown on the main channel and More4 reached 6.5 million viewers in 2021 (10.7% of the TV population). This was 7% down year-on-year, in part due to fewer programme launches, but was offset by a 7% increase in views of Walter Presents content on All 4, which rose to 47 million.

There were 162 hours of first-run foreign-language TV shows and films across the TV portfolio, 11% less than in 2020 (21 fewer hours). The Film4 channel showed 945 hours of films from outside the UK and US (this includes first-runs and repeats, and films shown both in the English language and in foreign languages). This total grew slightly year-on-year, by 2% (equivalent to 18 additional hours), to its highest level over the last decade.

Genres covered by international-themed originations on Channel 4 (main channel) as a percentage of total first-run hours



Source: Channel 4.

Making an impact (continued)

341hrs

of first-run
originations covering
diversity issues
on the main channel

Up 257%

on last year

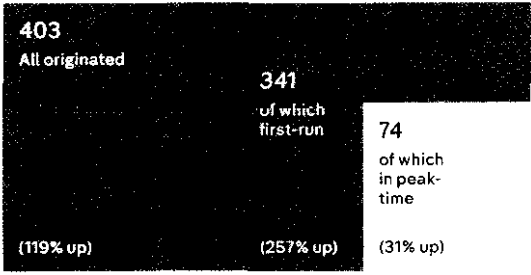
Diversity output on the main channel

While Channel 4 seeks to reflect the diversity of the UK across its entire output it also commissions programmes whose subject matter specifically covers diversity issues. The volume of specifically diverse content on the main channel bounced back in 2021 to amongst its highest ever levels. There were 403 hours of originated programmes on the main channel that included subject matter covering issues relating to religion, multiculturalism, disability and sexuality. Of these originated hours, 341 were first-run programmes (the others being repeats), and 74 of the first-run hours were in peak-time (i.e. between 6pm and 10.30pm, following Ofcom’s definition).

These three numbers are all up year-on-year by significant margins, due in large part to Channel 4’s extensive coverage of the *Paralympic Games* (postponed from 2020), which included live coverage from Tokyo through the day (and night) along with daily evening editions of *The Last Leg* and the *Paralympics: Gold Rush* highlights show in peak-time. The 403 hours of originated programmes covering diversity issues in 2021 was more than double the figure for 2020 (up 119%) and is the second-highest figure since this metric was first reported in 2008, behind only the 424 hours in 2012, when Channel 4 broadcast the London Paralympic Games. The volume of first-run programming rose even more in 2021: the 341 hours is more than treble the 2020 figure (a 257% rise) and is the highest level since this metric was first reported. With most of the coverage of the Paralympic Games outside peak hours, the peak-time figure of 74 hours rose the least but was still up by 41%.

Away from the Paralympic Games, highlights in 2021 included Russell T Davies’ award-winning 80s-set drama about the AIDS crisis, *It’s A Sin*, and Olympic champion Tom Daley’s heartfelt message of inclusion and acceptance in this year’s *Alternative Christmas Message* (sexuality); the return of the social media-themed reality show *The Circle* and school drama *Ackley Bridge* (multiculturalism); and comedian Rosie Jones’ *Trip Hazard: My Great British Adventure* (disability).

Total hours of programming covering diversity issues shown on the main channel (2021 with trends relative to 2020)



Source: Channel 4.

Film

40%

from outside the US

Equal

with last year

Diversity of Film4 channel schedule

The Film4 channel differentiates itself from other mainstream film channels by showcasing a diverse and alternative range of films from around the world. In 2021, the share of the schedule devoted to non-Hollywood-studio titles rose slightly to 40.1%, its highest figure for more than a decade (the rounded figure of 40% was the same as the corresponding 2020 figure).

21%

from the UK

Equal

with last year

British films – including projects that were co-funded by Film4 Productions – accounted for 20.5% of total programming hours in the schedule in 2021, the same as the 2020 figure, which itself had risen by 5.1 percentage points year-on-year due to an increase in British classics playing in weekday daytimes and more Film4 Productions playing throughout the schedule. With the share accounted for by other non-US films increasing slightly, by 0.3 points to 19.6%, a total of 40.1% of hours of output were devoted to films from countries other than the US. This total is 0.3 points up year-on-year (2020: 39.8%) and is the highest share of non-US programming on the Film4 channel since 2009 (when it was 40.3%). (Note that this figure includes films that were co-productions between the US and other countries; in 2021, 12.5% of output on the channel comprised US/non-US co-productions, 2.5 points more than in 2020.)

Film4 continued to offer strong and complementary programming around significant historical and social landmarks throughout the year, scheduling across both the linear channel and the film pages on All 4. The channel played a role in the Black and Proud day on Channel 4 in September by scheduling relevant films that were then available to support the themed offering on All 4. This programming continued into October to recognise Black History Month. Film4 also marked International Women's Day with a line-up of inspiring and empowering films, including *Belle* and *Hidden Figures*.

The channel joined in with the BFI's celebration of director Mike Leigh's career by curating a selection of films and shorts, old and new – this was also represented on All 4, providing a wider audience the opportunity to enjoy Leigh's work.

News and Current Affairs

359

long-form News and Current Affairs programmes in peak-time

Down 8%

on last year

Commitment to long-form journalism

This metric looks at 'long-form' journalism in the News and Current Affairs output on the main PSB channels, defining long-form programmes as those running for at least 45 minutes for News and 15 minutes for Current Affairs.

In 2021, Channel 4's main channel showed 359 long-form News and Current Affairs programmes in peak-time (between 6pm and 10.30pm, as defined by Ofcom). This is substantially more than the corresponding combined total for the other main PSB channels (173 programmes between them).

Compared with 2020, there were reductions in the number of long-form News and Current Affairs programmes on all the main PSB channels this year, but Channel 4's peak-time lead over the combined totals of the other broadcasters still rose, from 144 in 2020 to 186 in 2021.

While its decline was lower than for the other PSBs, Channel 4's own total fell by 8% year-on-year, for two reasons. First, there were more extended editions of *Channel 4 News* in 2020 on days when shorter news bulletins are usually shown (such as Fridays and weekends), taking their length beyond the 45-minute threshold used for this metric. And second, more Current Affairs programmes covering Covid-19 were shown in 2020 (there were 25 that year, compared with nine in 2021).

When the late evening period (through to midnight) is also taken into account, the number of 'long-form' News and Current Affairs programmes on Channel 4 rose to 425. This was just three short of the 2020 total (a year-on-year decline of less than 1%), with the decline in peak-time titles in 2021 offset by a large increase in the number of Current Affairs programmes shown in the post-peak period. Channel 4 maintained a commanding lead over other channels over this longer period, which covers the times when BBC Two's *Newsnight* is usually shown. Channel 4's total was considerably greater than that for any of the other main PSB channels, with a bigger gap than last year over second-placed BBC Two, which broadcast 263 'long-form' News and Current Affairs programmes (only 14 of which were shown in peak-time). That put BBC Two 162 titles behind Channel 4 this year, versus a 151-title difference in 2020.

Number of long-form News programmes and single-story Current Affairs programmes with a duration of at least 45 minutes and 15 minutes, respectively, shown on the main channel between 6pm and midnight

		Peak-time	Off-peak	Total
BBC1	2021	73	81	154
	2020	84	82	166
BBC2	2021	14	249	263
	2020	23	254	277
ITV1	2021	66	47	113
	2020	99	48	147
Channel 4	2021	359	66	425
	2020	389	39	428
Five	2021	20	0	20
	2020	39	5	44

■ Peak-time ■ Off-peak

Source: Channel 4, BARB (other channels).

Different voices

21pts

lead over average for other channels for showing different cultures and opinions

Up 1pt

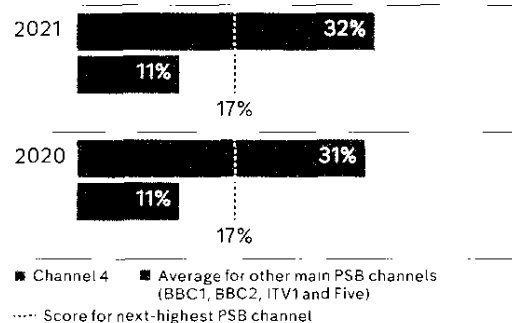
on last year

Channel reputations – shows different kinds of cultures and opinions

In 2021, Channel 4 reinforced its reputation as being best for showing different kinds of cultures and opinions. 32% of respondents selected the main channel, giving it a lead of 21 percentage points over the average for the other main PSB channels, while its lead over the next-highest-scoring channel, BBC One, was 15 points.

These three scores all increased year-on-year. The proportion of people selecting the main channel, its lead over the average for the other main PSB channels, and its lead over the next-highest-scoring channel were all up by one percentage point. This metric has also been stable over the longer term, with Channel 4's average lead over other channels consistently remaining within a narrow 20-24-point range over the last decade.

Shows different kinds of cultures and opinions



22pts

lead over average for other channels for challenging prejudice

Up 2pts

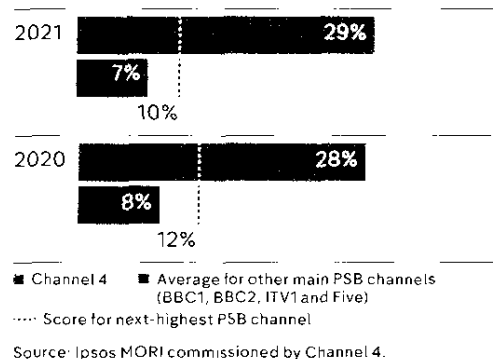
on last year

Channel reputations – challenges prejudice

In a year when divisions between different groups in society were increasingly exposed, Channel 4 strengthened its reputation for challenging prejudice. Its main channel was chosen by 29% of respondents as the one they most associate with challenging prejudice in 2021, giving it a 22-percentage-point lead over the average score for the other main PSB channels, and a 19-point lead over the next-highest-scoring channel, BBC One.

These three scores were all up year-on-year. The proportion of respondents selecting Channel 4 rose by one percentage point, its lead over the average for the other main PSB channels rose by two points, and its lead over the next-highest-scoring channel increased by three points. This metric has been stable over the longer term, with Channel 4's average lead over other channels remaining within a 20-27-point range over the last decade (and within a narrower 20-23-point range for seven of the last ten years).

Challenges prejudice



Different voices (continued)

20pts

lead over average
for other channels
for showing the
viewpoints of different
minority groups

Down 1pt

on last year

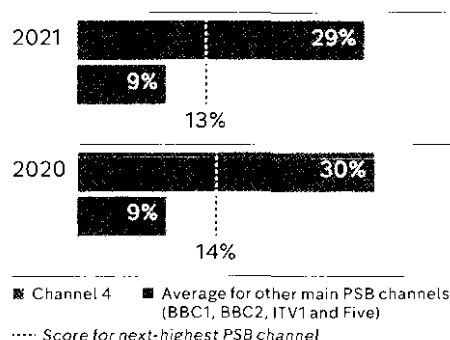
Channel reputations – shows the viewpoints of minority groups in society

Channel 4 has a longstanding reputation for giving a voice to diverse groups, including some that are under-represented on TV. In 2021, it remained by a substantial margin the PSB channel regarded by viewers as being the best for showing the viewpoints of minority groups in society. 29% of viewers selected Channel 4's main channel as being the best for showing the viewpoints of minority groups in society. This translated to a lead of 20 percentage points over the average for the other channels, and a 16-point lead over the next-highest-scoring channel, BBC One.

There were some marginal year-on-year declines in these scores: the proportion of people selecting the main channel and its lead over the average of the other PSB channels both fell by one percentage point, while its lead over the next-highest-scoring PSB channel held steady. Still, Channel 4's 29% score remained more than double that of the next-highest-scoring channel (of 13%). And this score has been stable over the longer term, sitting in a narrow 29%-34% range over the last decade, while its average lead over other channels has remained in a 20-27-point range over this period.

Channel 4 also outperformed the other PSBs by large margins as a platform for the viewpoints of individual minority groups in 2021, in all cases matching or improving on its scores from the previous year. The main channel was selected by 28% of viewers as being best for showing the viewpoints of different ethnic groups in the UK (the same as in 2020), giving it a lead of 19 percentage points over the average for the other main PSB channels. 33% of viewers thought Channel 4 was best for showing the viewpoints of lesbian, gay, bisexual and transgender people (2020: 31%), a massive 26 points above the average of the other PSB channels. And 26% of viewers thought Channel 4 was best for showing the viewpoints of disabled people (2020: 25%), 19 points above the average of the other PSB channels.

Shows the viewpoints of minority groups in society



27pts

lead over average
for other channels
for allowing people
an alternative point
of view

Up 1pt

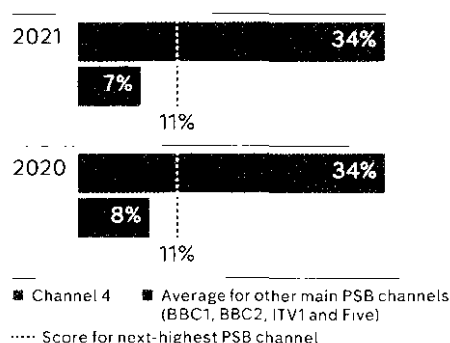
on last year

Channel reputations – home for alternative voices

Channel 4 maintained its position as a mainstream platform for alternative voices in 2021. For the fourth consecutive year, the main channel was selected by 34% of respondents as being the home for alternative voices. Its lead over the average for the other main PSB channels was a substantial 27 percentage points, while it had a 23-point lead over the proportion selecting the next-highest-scoring channel (Channel 5).

There was little year-on-year variation in this metric, which remains stable. Channel 4's own score and its lead over the next-highest-scoring channel were level with the corresponding 2020 figures, while its lead over the average for the other main PSB channels rose by one percentage point. Over the nine years for which this metric has been reported, Channel 4's average lead over other channels has remained in the narrow range of 26-31 points.

Home for alternative voices



Distinctive approaches

With the volume and range of programming returning to normal levels in 2021, viewers appreciated the higher level of distinctiveness in Channel 4's schedules. Our performance on six of the seven tracker statements reported in this section either improved or held steady year-on-year, and there was also an increase in the proportion of viewers who said that Channel 4's Factual (and other) programming inspired change in their lives.

Our News and Current Affairs programmes – which came to the fore in 2020, when viewers turned to Channel 4 in increased numbers for information – broadly maintained their distinctiveness in 2021. Across five reputational trackers looking at audience perceptions of their distinctive approach, the *Dispatches* and *Unreported World* strands were jointly the best-performing Current Affairs shows on the main PSB channels for the second year running. When TV audiences were asked about the independence of the news programmes that they watch, Channel 4's score for independence from the influence of big businesses increased but there was a slight decline in its score for independence from the government; both scores remained higher than those for other broadcasters.

Tokyo 2020 Paralympic Games



Empire State of Mind

Distinctive approaches (continued)

15pts

lead over average for other channels for making viewers think in new and different ways

Up 2pts

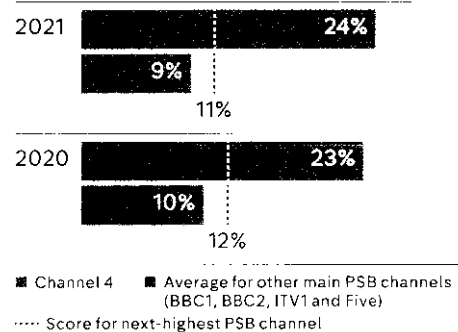
on last year

Channel reputations – makes me think about things in new and different ways

Channel 4 achieved amongst its highest-ever scores for making people think about things in new and different ways in 2021. 24% of respondents selected the main channel on this metric, one percentage point up year-on-year and just one point short of Channel 4's peak score of 25% (achieved in 2017 and 2019).

Channel 4's lead over the average for the other main PSB channels was 15 percentage points. This is two points above the 2020 figure and just one point below the highest-ever lead of 16 points (achieved in 2017). Finally, Channel 4's lead over the next-highest-scoring channel, BBC One, was 13 points. This is again two points above the 2020 figure and is the joint-highest-ever lead on this metric (also achieved in 2016 and 2017).

Makes me think about things in new and different ways



Source: Ipsos MORI commissioned by Channel 4

30pts

lead over average for other channels for tackles issues other channels wouldn't

Equal

with last year

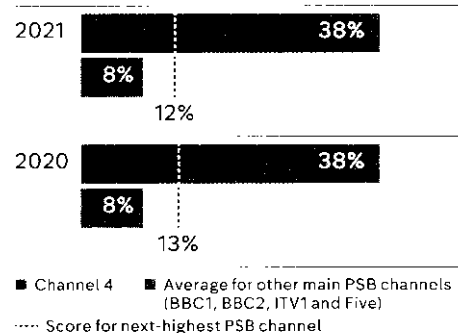
Channel reputations – tackles issues other channels wouldn't

Channel 4 maintained its strong reputation for being best for tackling issues that other channels wouldn't in 2021. 38% of respondents selected the main channel on this metric – remarkably, this is more than three times the figure achieved by the next-highest-scoring channel, Channel 5 (chosen by just 12% of respondents). This meant that Channel 4 had a 26-percentage-point lead over the next-highest-scoring channel.

The other main PSB channels were chosen by 8% of people on average, giving Channel 4's main channel a 30-point lead over them. This metric remains one of two reputational statements for which Channel 4 has maintained an average lead over the other PSB channels of at least 30% for the last five years (the other being "Takes risks with programmes that others wouldn't" on page 123).

There was little year-on-year variation in this metric. The proportion of respondents selecting Channel 4 and its average lead over other PSB channels both held steady, while its lead over the next-highest-scoring channel increased by one percentage point.

Tackles issues other channels wouldn't



Source: Ipsos MORI commissioned by Channel 4

Distinctive approaches (continued)

27pts

lead over average for other channels for taking a different approach to subjects compared to other channels

Up 2pts

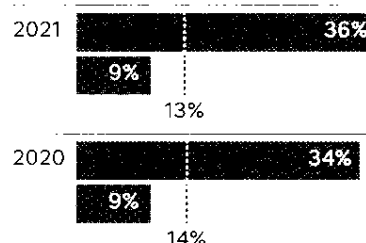
on last year

Channel reputations – takes a different approach to subjects compared with other channels

In what was already one of the highest-scoring statements, Channel 4 strengthened its reputation in 2021 for taking a different approach to subjects. 36% of people selected Channel 4's main channel as the one they most associate with taking a different approach to subjects compared with other channels, giving it substantial leads of 27 percentage points over the average for the other main PSB channels, and of 23 points over the next-highest-scoring channel, Channel 5.

All three of these figures increased year-on-year. The proportion of people selecting the main channel, and its lead over the average for the other main PSB channels, were both up by two percentage points. And its lead over the next-highest-scoring channel rose by three points. Looking over the longer term, Channel 4's average lead over other channels is at the upper end of the 19-29-point range it has occupied over the last decade.

Takes a different approach to subjects compared with other channels



■ Channel 4 ■ Average for other main PSB channels (BBC1, BBC2, ITV1 and Five)
..... Score for next-highest PSB channel

Source: Ipsos MORI commissioned by Channel 4.

149

new or one-off programmes shown on Channel 4 between 6pm and midnight

Down 10%

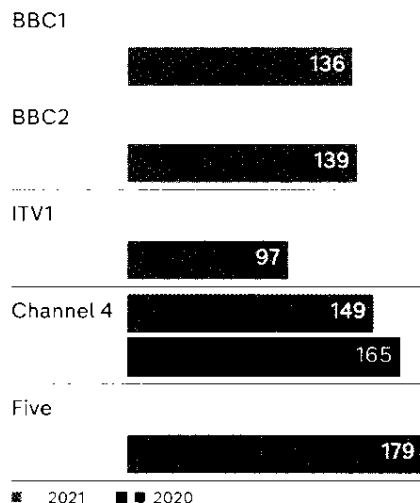
on last year

New and one-off programming

Channel 4's commitment to experimentation is demonstrated in part by the number of new and one-off programmes that it shows each year. This year, while there was a decline in the number of new and one-off programmes in the evening schedules on Channel 4 (when audiences are highest), it still had clear leads over the BBC and ITV.

There were 149 new and one-off programmes on Channel 4's main channel between 6pm and midnight in 2021. This is more than corresponding figures for BBC One (125 programmes), BBC Two (118 programmes) and ITV (106 programmes). Of the main PSB channels, only Channel 5 showed more new and one-off programmes (206 titles), as it continued to refresh its schedule post-Big Brother. The number of new and one-off programmes in the evening schedules on Channel 4 fell by 10% year-on-year (16 fewer titles). This is due to the large number of one-off programmes related to Covid-19 shown in 2020 (more than 25 were shown that year, compared to fewer than ten in 2021).

Number of new and one-off programmes shown on the main PSB channels between 6pm and midnight



■ 2021 ■ 2020

Source: Attentional commissioned by Channel 4.

Distinctive approaches (continued)

32pts

lead over average for other channels for taking risks that others wouldn't

Up 1pt

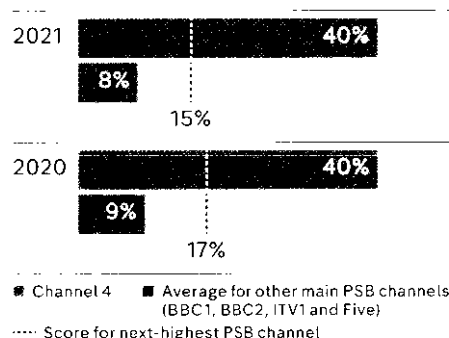
on last year

Channel reputations – takes risks with programmes that others wouldn't

Channel 4's public remit requires it to take risks, and its success in delivering on this is reflected in its scores when respondents are asked which of the main PSB channels is best for taking risks with programmes that others wouldn't. The highest-scoring of any of the reputational statements, 40% of respondents selected Channel 4's main channel on this metric in 2021, level with its 2020 score.

Channel 4 improved its leads over the other PSB channels this year. It had a substantial 32-percentage-point lead over the average of the other channels, one point up year-on-year. Its lead over the next-highest-scoring channel, Channel 5, was 25 points, an increase of two points relative to the 2020 lead.

Takes risks with programmes that others wouldn't



Source: Ipsos MORI commissioned by Channel 4.

26pts

lead over average for other channels for being experimental

Up 2pts

on last year

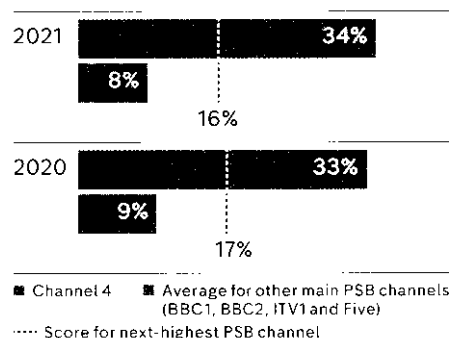
Channel reputations – is experimental

In 2021, 34% of respondents selected Channel 4's main channel as the PSB channel that they most associate with being experimental, giving it significant leads over the other channels. The proportion of people choosing the main channel was 26 percentage points above the average for the other main PSB channels. And Channel 4's score was more than double that of the next-highest-scoring channel, Channel 5 (chosen by 16% of people), corresponding to a lead over Channel 5 of 18 points.

Channel 4's scores on this metric recovered ground lost in 2020. The proportion of respondents selecting Channel 4 in 2021 rose by one percentage point year-on-year, to just one point short of the level reached in 2018 and 2019 (35% of respondents). Moreover, its lead over the average for the other main PSB channels was up by two points in 2021, matching the level achieved in 2018 and 2019. And its lead over the next-highest-scoring channel also rose by two points, to its highest level since 2017 (when the lead was 20 points).

This metric has been stable over the longer term, with Channel 4's average leads over other channels sitting within a narrow range of 24 to 29 percentage points over the last decade.

Is experimental



Source: Ipsos MORI commissioned by Channel 4.

Film

26pts

lead over average for other channels for being the best for modern independent film

Equal

with last year

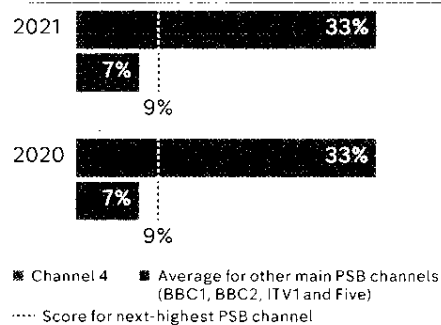
Channel reputations – is best for modern independent film

In 2021, 33% of respondents picked Channel 4's main channel as being best for modern independent film, level with the 2020 score and just one percentage point below the highest-ever score of 34% achieved in 2013.

Channel 4's leads over the other PSB channels also held steady this year, at levels at, or close to, their all-time peaks. Its lead over the average for the other main PSB channels was 26 percentage points, the same as in 2020 and its joint-highest-ever score. And its lead over the next-highest-scoring channel, ITV, was 24 points, again the same as in 2020, and just one point below the 25-point peak achieved in 2016.

Amongst the top-rated premieres on Channel 4 this year, Film4-produced *The Little Stranger* captured 1.2 million viewers in February. Meanwhile, Steve McQueen's thriller *Widows* pulled in 784,000 viewers; its 6.4% share amongst ethnically diverse audiences was up an impressive 54% compared to the slot average for this group.

Is best for modern independent film



Source: Ipsos MORI commissioned by Channel 4.

Factual

19pts

lead over average for other channels for being the best for documentaries that present alternative views

Down 2pts

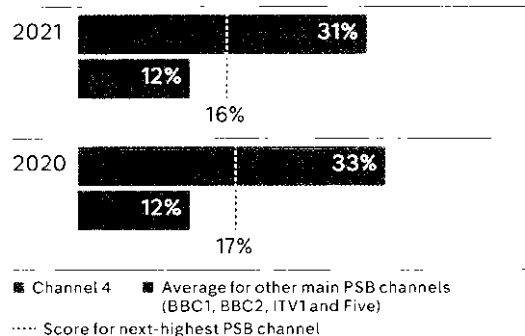
on last year

Channel reputations – is best for documentaries that present alternative views

Channel 4 takes a different approach than other broadcasters with its documentary programming, differentiating it through its subject matter and approach, with a particular focus on offering alternative viewpoints less frequently seen on television. In 2021, 31% of respondents selected the main channel for being best for documentaries that present alternative views, giving it a lead of 19 percentage points over the average for the other main PSB channels, and a 15-point lead over the next-highest-scoring channel, BBC One.

This was one of just two audience tracker statements for which Channel 4's own score fell back slightly year-on-year: the proportion of respondents selecting the main channel decreased by two percentage points. Its lead over the average for the other main PSB channels was also down by two points, while its lead over the next-highest-scoring channel dropped by one point. Nonetheless, the proportion of people selecting Channel 4 was still almost double the 16% of respondents that chose the next-highest-scoring channel. And looking over the longer term, Channel 4's average lead over other channels remains at the upper end of the 10-24-point range it has occupied over the last decade.

Is best for documentaries that present alternative views



Source: Ipsos MORI commissioned by Channel 4.

Factual (continued)

70%

of viewers said that Channel 4's Factual programmes inspired change in their lives

Up 1pt

on last year

Inspiring change through Factual programming

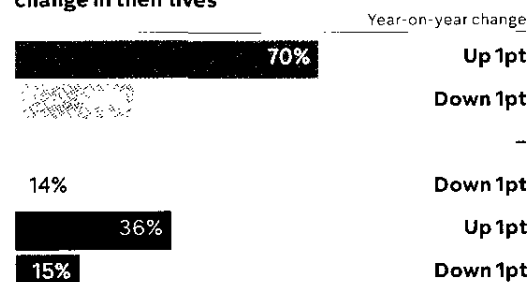
Channel 4's programming, especially in Factual, seeks to inspire people to make changes in their lives and encourages them to think about things in new and different ways. Some programmes lead to active engagement, e.g. by encouraging people to talk to others about their subject matter, to seek out further information or – at their most engaging – to actually try something new or different. These different ways of inspiring change are captured in five statements, responses to which allow us to assess how inspiring Channel 4's Factual programmes are each year.

Whereas in 2020 many of the Factual programmes responded to the first year of Covid-19 and lockdowns, the 2021 slate was more varied in nature. The list also includes programmes in other genres that had particular potential to be inspiring, such as dramas *It's A Sin* and *Help*, both of which were based on actual recent or historical events.

Across the whole slate of Factual and other inspiring titles (comprising over 40 programmes and series), 70% of viewers said that Channel 4's programming inspired them in one or more ways this year. This score is one percentage point more than in 2020 and is at the upper end of the 63% to 72% range it has occupied over the last decade.

The best-performing individual programme across all the statements this year was *It's A Sin* – Russell T Davies' powerful drama about a group of friends confronting the AIDS crisis in the 1980s – with a score of 88%. This programme also scored highest for people who talked about the programme to other people (69% of viewers). Other top-scoring programmes on individual statements included *Davina McCall: Sex, Myths and the Menopause* (it made 51% of viewers think about the subject in new and different ways) and *21 Day Body Turnaround with Michael Mosley* (46% of viewers thought about changing something in their own lives).

Percentage of viewers who said that Channel 4's Factual programmes inspired change in their lives



- Any inspiring change statement(s)
 - It made me think about its subject in new and different ways
 - It made me think about changing something in my own life
 - I tried something new or different after watching this programme
- I talked about the programme to other people
- I looked for further information elsewhere after watching this programme

Source: Ipsos MORI commissioned by Channel 4.

News and Current Affairs

80%

of *Channel 4 News* viewers regard it to be independent from government

Down 1pt

on last year

Independence of TV news

At a time when growing numbers of people get much of their news from unreliable sources on social media, while declines in political trust risk undermining democracy in the UK, the impartial and authoritative news services provided by mainstream broadcasters are more important than ever. It is of great pride to us that *Channel 4 News* continues to be the most highly regarded news provider of the main UK broadcasters, in terms of its perceived independence from the government and from the influence of big businesses.

80% of regular viewers to *Channel 4 News* regarded it as being independent from the government in 2021. This is eight percentage points more than the average for the other main news programmes (those from the other public service broadcasters and *Sky News*) and four points above the corresponding figure for the next-highest-scoring news programme.

75% of regular viewers to *Channel 4 News* agreed that it is independent from the influence of big businesses, eight percentage points more than the average for the other main news programmes and three points more than the next-highest-scoring news programme (*5 News*).

Year-on-year variations in these scores were small, within the range of ± 2 percentage points; there was a slight decline in *Channel 4*'s own score for independence from the government and an increase in its score for independence from the influence of big businesses. For independence from the government, the absolute proportion of respondents selecting *Channel 4 News* in 2021 fell by one percentage point (2020: 81%), while its leads over the average for the other main news programmes and over the next-highest-scoring news programme (*ITV News* in 2020; *Sky News* in 2021) both fell by two points. Turning to independence from the influence of big businesses, the absolute proportion of respondents selecting *Channel 4 News* in 2021 rose by two points (2020: 73%). Its lead over the average for the other main news programmes held steady, while its lead over the next-highest-scoring news programme (*BBC News* in 2020; *5 News* in 2021) fell by two points.

Percentage of regular viewers to TV news programmes in 2021 who agree with the following statements:

It is independent from the government	Year-on-year change
BBC News	64% 0pt
ITV News	74% -1pt
Channel 4 News	80% -1pt
5 News	75% 2pt
Sky News	76% 2pt
It is independent from the influence of big business	Year-on-year change
BBC News	70% 2pt
ITV News	63% 0pt
Channel 4 News	75% 2pt
5 News	72% 4pt
Sky News	64% 3pt

Source: Ipsos MORI commissioned by Channel 4.

News and Current Affairs (continued)

45%

average programme reputation statement for *Unreported World*

Equal

with last year

45%

average programme reputation statement for *Dispatches*

Equal

with last year

Programme reputation statements – Current Affairs

Channel 4's Current Affairs strands, *Dispatches* and *Unreported World*, differ from other public service broadcasters' Current Affairs programmes in terms of their approach and subject matter – in particular, their emphasis on investigative journalism, challenging viewers to see things differently, giving a voice to those who might not otherwise be heard and (especially in *Unreported World*) providing a window on the wider world. One-hour Current Affairs specials deliver additional depth for important stories.

Channel 4 tracks five reputational statements in these areas looking at audience perceptions of the main Current Affairs shows – both regular strands and one-off programmes – on the main PSB channels. With average scores of 45% across the five statements, *Dispatches* and *Unreported World* were jointly the best-performing Current Affairs shows on the main PSB channels in 2021, for the second year running (both strands achieved the same score in 2020). Their nearest competitor was BBC One's *Panorama*, in third place with a 40% score. One or other of *Dispatches* and *Unreported World* was the best-performing Current Affairs show for all five of the reputational statements.

Dispatches was the most consistent show, ranking first or second for all five statements: it scored higher than any other Current Affairs show for "uncovering the truth" (for which it was selected by 55% of respondents) and "covering things in great depth" (51% of respondents). It came in second place for "giving a voice to groups that aren't always heard in mainstream media", "making me see something in a different light" and "showing stories about parts of the world you would rarely see on British TV" (with 40% of respondents for all three statements). With *Dispatches*' average score across the five reputational statements holding steady this year, it remained at what is its joint-highest level over the last decade.

Unreported World was the highest-scoring Current Affairs show for three statements: "showing stories about parts of the world you would rarely see on British TV" (51% of respondents), "giving a voice to groups that aren't always heard in mainstream media" (44% of respondents) and "making me see something in a different light" (41% of respondents). It was ranked third (behind *Dispatches* and *Panorama*) for "covering things in great depth" (45% of respondents) and "uncovering the truth" (44% of respondents). Its average score across the five reputational statements in 2021 was its joint-highest since 2016 (when it was 47%).

Programme reputation



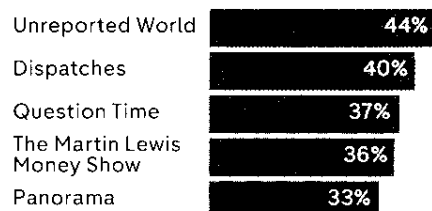
Uncovers the truth



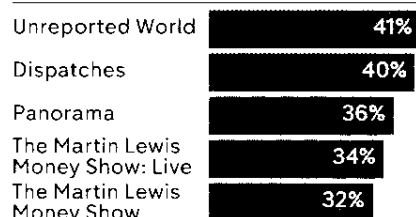
Covers things in great depth



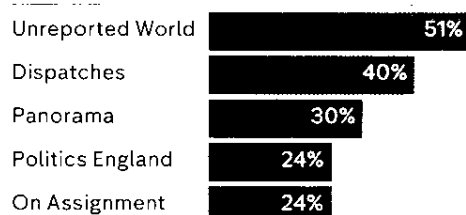
Gives a voice to groups that aren't always heard in mainstream media



Made me see something in a different light



Shows stories about parts of the world you would rarely see on British TV



■ Channel 4 show ■ Other broadcasters' shows

Source: Ipsos MORI commissioned by Channel 4.

Thank you



askmaster

This list includes all our suppliers of originated television programmes that transmitted across the portfolio in 2021, plus film and digital companies that received project funding from us. We also provided development funding to a range of other companies. While every effort has been made to identify and name all of the relevant companies for this list, we apologise if there are any accidental omissions. We would also like to thank all of our advertising and commercial partners.

011 Productions	DNA Films	Mindhouse Productions	Spelthorne Community
12 Yard Productions	Dominic Buchanan Productions	Minnow Films	Television
2LE Media	Dorothy St Pictures	Misher Films	Spirit Studios
360 Production	DoubleBand Films	Modern Literary Arts	Spun Gold TV
72 Films	Dragonfly Film and Television	Mongoose Pictures	Storyboard Studios
AbbottVision	Productions	Monkey Kingdom	Story Films
Acme Films	Duck Soup Films	Monumental Television	Strawberry Blond TV
Afro-Mic Productions	Dura Mater Films	Mother's Best Child	Stray Bear Productions
AGENTS of INFLUENCE	Eagle Eye Drama	Mr Box Productions	Strident Media
Agile Films	East Entertainment	My Accomplice	Studio71
Alaska TV	Element Pictures	Naked TV (part of	Studio Lambert
Alcove Entertainment	Emporium Productions	FremantleMedia UK)	STV Studios
Alleycats Films	Escape Films	NENT Studios UK	Sunset+Vine
Alysia Maciejowska	Escape Plan Productions	Nimble Dragon	Swan Films
Amazing Productions	Expectation Entertainment	Nineteen11	Talkback (part of
Amos Pictures	Fable Pictures	North One Television	FremantleMedia UK)
Apocalypso Pictures	Filmnova	Number 9 Films	Tern Television
Armoury London	Final Replay	Objective Media Group	Thames TV (part of
Arrow International Media	Finestripe Productions	October Films	FremantleMedia UK)
Atomized Studios	Firecrest Films	One Three Television UK	That Mitchell & Webb Company
Avalon	Five Mile Films	One Tribe TV	The Bureau Film Company
Avanti Media	Flicker Productions	Open Mike Productions	The Church of London
Awen Media	Flint Television	Optomen Television	Publishing
Baby Cow Productions	Forward Films	Outline Productions	The Connected Set
back2back Productions	Fox Cub Films	Outsider Television	The Corner Shop
Back That	Freeform Productions	Oxford Scientific Films	The Forge
Barcroft Studios	Fremantle	Parable	The Garden Productions
BBC Studios	Fruit Tree Media	Parti Productions	Thin Man Films
BEEZR Studios	Fudge Park Productions	Passion Pictures	Tiger Aspect Productions
Below The Radar	Full Fat Television	Picturesque Films	Tinderbox Films
Berkeley Media Group	Fulwell 73 Productions	Plan B Entertainment Inc	Tiny Eye Productions
Betty	Gobstopper TV	Plimsoll Productions	Trademark Films
Beyond Entertainment	Gold Wala	Plum Pictures	True North Productions
Big Circus Media	Great Scott Media	Portobello Post (t/a Luti Media)	True Vision
Big Little Fish Television	Greenacre Films	Postcard Productions	Try Hard Films
Big Talk Productions	Hardcash Productions	Potboiler Productions	Tuesday's Child Television
Bird Flight Films	Hat Trick	Princess Productions	Turnover Films
Blacklight Productions	HCA Entertainment	Proper Content	TV Cartoons
Blakeway	Hello Halo Productions	Pulse Films	Twenty Twenty Television
Blak Wave Productions	Hello Mary	Purple Productions	Two by Two Productions
Blast! Films	Heyday Films	Quicksilver Media	TwoFour
Blink Entertainment (t/a Blink	Hot Sauce Productions/BFQ	Quiddity Films	Two Rivers Media
Films)	House Productions	Raise the Roof Productions	2 Wolves Films
Blue Ant International	Humphrey Barclay Productions	Ranga Bee Productions	Untold Studios
Blueprint Pictures	Illuminations	Raw TV	Various Artists Limited
Blumhouse Productions LLC	ImageNova	RDF Television	Vertigo Films
Boomerang Productions Media	Inflammable Films	Red Production Company	VICE Media UK
Bosena	Interstellar TV	Red Sky Productions	Voltage TV
Bridge Way	ITN Productions	Remarkable Television	Waddell Media
Brightstar Films	ITV Studios	Remedy Productions	Wall To Wall
BriteSpark Films	IWC Media	Renegade Pictures (UK)	Warp Films
Broody Duck	Jamie Oliver Productions	Retort (part of FremantleMedia	Water and Power Productions
Brown Bred	Jon Lloyd (t/a Frieda TV)	UK)	Wayward Films
Buccaneer Media	Juniper Communications	Ricochet	Wellington Films
Bullion Productions	JW Films	Risky Roadz	Westend Blackbird
Burning Bright Productions	Kalel Productions	Rockerdale Studios	Whisper Films
Buzztrack TV	Kazak Productions	Rogan Productions	Whitworth Media
Bwark Productions	Keo Films	Rook Films	Why Not Productions
Candour Productions	Label1 Television	Rooks Nest Entertainment	Wildgaze Films
Caravan Cinema	Lammas Park	Roughcut TV	Wild Pictures
Cardiff Productions	Left Bank Pictures	Rumpus Media	Wilson Worldwide Productions
Chwarel	Liberty Films	Sabina Smitham	Windfall Films
Complete Fiction	Lime Pictures	Sandpaper Films	Wise Owl Films
Cowboy Films	Lion Television	Sandstone Global Productions	Wonderhood Studios
CPL Productions	Little Bird Films	Scott Free Productions	Wonder Television
Crackit Productions	Little Gem Media	See-Saw Films	Woodcut Media
Crash Productions	Love Productions	Sexy RPC	Workerbee
Cuba Pictures	Lupus Films	Shine TV	Working Title Films
Curious Films	Mad Monk TV	Shoobox Films	Yeti Television
Curve Media	Makadam Films	Silver Salt Films	Young Bwark Productions
Daddy's SuperYacht	Mega Wells Street	Sleeper Films	Youngest Media
Productions	Merman Television	Snowdog Enterprises	Young Films
Daisybeck Studios	Me+You Productions	Snowman Enterprises	Zandland
Dark Pictures	MGM	Somethin' Else	Zeppotron
DJ Films	Mighty Productions	South Shore Productions	Zig Zag Productions
DMC Film	MilkFirst Productions	Spark Media/Kindling	

Awards

UK Television

Version Awards

It's A Sin
Red Production Company for Channel 4
Best Drama Series

It's A Sin – Olly Alexander
Red Production Company for Channel 4
Best Actor

It's A Sin – Keeley Hawes
Red Production Company for Channel 4
Best Actress

New Voice Awards

Channel 4
Channel 4
Broadcaster for New Talent

Damilola: The Boy Next Door –
Linka Bokinni
Channel 4
Debut Presenter

The Real Eastenders – Ashley Francis-Roy
Channel 4
Actor Adebodun Debut Director Award

BW 4Stories – Yolanda Mercy
Channel 4
Debut Writer

RTS Programme Awards

Grayson's Art Club
Swan Films for Channel 4
Arts

Feel Good – Mae Martin
Objective Fiction and Objective Media
Group Scotland for Channel 4
Breakthrough Award

Feel Good – Mae Martin and Joe Hampson
Objective Fiction and Objective Media
Group Scotland for Channel 4
Writer – Comedy

Home – Youssef Kerkour
Channel 4 and Channel X for Channel 4
Performance – Male

The Big Narstie Show – Big Narstie
& Mo Gilligan
Expectation/Dice Productions for
Channel 4
Entertainment Performance

Joe Lycett's Got Your Back
Rumpus Media for Channel 4
Formatted Popular Factual

Damilola: The Boy Next Door
Acme Films for Channel 4
History

Broadcast Awards

Friday Night Dinner
Popper Pictures/Big Talk Productions for
Channel 4
Best Comedy Programme

For Sama
Channel 4 News/ITN Productions for
Channel 4 and Frontline PBS
Best Documentary Programme

Sandford St Martin Awards

It's A Sin
Red Production Company for Channel 4
and HBO
Radio Times Readers' Award

VLV Awards

Barenboim on Beethoven: The Lost Tapes
Channel 4
Best TV Arts/Entertainment Programme

Grayson Perry
Channel 4
Naomi Sargent Award

BAFTA Television Awards

The Big Narstie Show
Expectation/Dice Productions for
Channel 4
Comedy Entertainment Programme

The Great House Giveaway
Chwarel for Channel 4
Daytime

The School That Tried to End Racism
Proper Content for Channel 4
Reality & Constructed Factual

National Television Awards

It's A Sin
Red Production Company for Channel 4
and HBO
New Drama

Gogglebox
Studio Lambert for Channel 4
Factual

The Great British Bake Off
Love Productions for Channel 4
Challenge Show

TRIC Awards

Gogglebox
Studio Lambert for Channel 4
Entertainment Programme

TV Choice Awards

Gogglebox/Celebrity Gogglebox
Studio Lambert for Channel 4
Best Entertainment Show

*The Great British Bake Off/The Great
Celebrity Bake Off for SU2C/Junior Bake*
Love Productions for Channel 4
Best Talent Show

Attitude Awards

It's A Sin
Red Production Company for Channel 4
and HBO
Inspiration Award

BAFTA Cymru Awards

It's A Sin – Callum Scott Howells
Red Production Company for Channel 4
and HBO
Best Actor

It's A Sin – Russell T Davies
Red Production Company for Channel 4
and HBO
Best Writer

Edinburgh TV Awards

Maxxx – O-T Fagbenle
Luti Media for Channel 4
Best TV Actor – Comedy

Adult Material – Hayley Squires
Fifty Fathoms Productions for Channel 4
Best TV Actor – Drama

Awards (continued)

It's A Sin
Red Production Company for Channel 4
and HBO
Best Drama

We Are Lady Parts
Working Title Television, which is a part of
Universal International Studios, for Channel 4
Best Comedy Series

Damilola: The Boy Next Door
– Yinka Bokinni
Acme Films for Channel 4
Breakthrough Talent

All 4
Channel 4
Best On Demand Service

Joe Lycett's Got Your Back
Rumpus Media for Channel 4
Best Popular Factual Series

Proud Scotland Awards
Channel 4
Channel 4
Corporate Ally Award

AIB Media Awards
*Davina McCall: Sex, Myths and
the Menopause*
Finestripe Productions for Channel 4
Human Interest – TV and video

BAFTA Scotland Awards
Jabbed! Inside Britain's Vaccine Triumph
Windfall Films Scotland for Channel 4
News & Current Affairs

Broadcast Sport Awards
Today in Tokyo
Whisper for Channel 4
Best Sport Entertainment Programme

The Paralympics
Whisper for Channel 4
Best Sport Production of the Year
(Quadrennial)

Covid Response Awards
Channel 4
Channel 4
Best Covid-19 Response in Media/Creative
Industries (Over 75 employees)

PA Media Awards
The Man Who Fell from the Sky
Postcard Productions for Channel 4
TV Documentary Story of the Year

Grierson Award
The School That Me
Proper Content for Channel 4
Best Constructed Documentary Series

Damilola: The Boy Next Door
– Yinka Bokinni
Acme Films for Channel 4
Best Documentary Presenter

Rose d'Or Awards
Help
The Forge/All3Media International
for Channel 4
Drama

We Are Lady Parts – Nida Manzoor
Working Title Television, which is a part of
Universal International Studios, for Channel 4
Emerging Talent Award

RTS Craft & Design Awards
It's A Sin
Red Production Company for Channel 4
and HBO
Director – Drama

It's A Sin
Red Production Company for Channel 4
and HBO
Editing – Drama

It's A Sin
Red Production Company for Channel 4
and HBO
Production Design – Drama

We Are Lady Parts
Working Title Television, which is a part of
Universal International Studios, for Channel 4
Editing – Entertainment and Comedy

We Are Lady Parts
Working Title Television, which is a part of
Universal International Studios, for Channel 4
Make Up Design – Entertainment &
Non Drama

We Are Lady Parts
Working Title Television, which is a part of
Universal International Studios, for Channel 4
Production Design – Entertainment &
Non Drama

SAS: Who Dares Wins
Minnow Films for Channel 4
Multicamera Work

RTS North West Awards
It's A Sin
Red Production Company for Channel 4
and HBO
Best Drama

Television

International Format
Surviving The Stone Age
Renegade Pictures and Motion Content
Group for Channel 4
Best Factual Entertainment Format

24 Hours in A&E: Heart Special
The Garden Productions for Channel 4
Best Brand-Driven Format

The Great British Bake Off
Love Productions for Channel 4
Best Returning Format

Realscreen Awards
Flirty Dancing
Second Star for Channel 4
Reality – Constructed Reality

Putin: A Russian Spy Story
Rogan Productions for Channel 4
Non-Fiction – Archive-Based Program

Anima Festival
The Tiger Who Came to Tea
Lupus Films and HarperCollins for
Channel 4
Best Short Film for Children

**Rockie Awards – Banff World
Media Festival**
It's A Sin
Red Production Company for Channel 4
and HBO
Programme of the Year

Prix Italia
It's A Sin
Red Production Company for Channel 4
and HBO
Drama

Venice TV Award
It's A Sin
Red Production Company for Channel 4
and HBO
Best TV Series

International Emmy Award
Adult Material – Hayley
Fifty Fathoms Productions for Channel 4
Best Performance by an Actor

Awards continued

Film UK

AFTA

Rocks – Lucy Pardee
Fable Pictures
Best Casting

The Father – Christopher Hampton,
Florian Zeller
Trademark Films, F Comme Film, Ciné-@
Adapted Screenplay

The Father – Anthony Hopkins
Trademark Films, F Comme Film, Ciné-@
Leading Actor

AFTA Awards, Scotland

Limbo – Iruke Gurtubai, Angus Lamont,
Ben Sharrock
Caravan Cinema
Best Feature Film

Limbo – Ben Sharrock
Caravan Cinema
Best Writer – Film/Television

Limbo – Amir El-Masry
Caravan Cinema
Best Actor – Film

Limbo – Ben Sharrock
Caravan Cinema
Best Director (Fiction)

AFTA Cymru Awards

Saint Maud – Morfydd Clark
Escape Plan
Best Actress

IFA

Rocks
Fable Pictures
Best British Independent Film

Rocks – Lucy Pardee
Fable Pictures
Best Casting

Rocks – D’angelou Osei Kissiedu
Fable Pictures
Best Supporting Actor

Rocks – Kosar Ali
Fable Pictures
Best Supporting Actress

Rocks – Kosar Ali
Fable Pictures

newcomer

Saint Maud – Ben Sharrock
Escape Plan
Best Cinematography

Saint Maud – Rose Glass
Escape Plan
The Douglas Hickox Award (Debut Director)

The Electrical Life of Louis Wain – Vickie
Lang, Kristyan Mallet and Donald McInnes
Shoebox Films, Sunnymarch
Best Makeup & Hair Design

The Father – Anthony Hopkins
Trademark Films, F Comme Film, Ciné-@
Best Actor

The Father – Yorgos Lamprinos
Trademark Films, F Comme Film, Ciné-@
Best Editing

The Father – Florian Zeller,
Christopher Hampton
Trademark Films, F Comme Film, Ciné-@
Best Screenplay

Wildfire – Cathy Brady
Tempesta Film UK, Cowboy Films,
Samson Films
Debut Screenwriter

Limbo – Iruke Gurtubai
Caravan Cinema
Breakthrough Producer

Critics Circle Film Awards

Rocks – Lucy Pardee, casting
Fable Pictures
Technical Achievement

Rocks – Bukky Bakray
Fable Pictures
Young British/Irish Performer

Saint Maud – Morfydd Clark
(*Eternal Beauty*, *Saint Maud*)
Escape Plan
British/Irish Actress of the Year (For Body
of Work)

Saint Maud
Escape Plan
The Attenborough Award British/Irish Film
of the Year

Saint Maud – Rose Glass
Escape Plan
The Philip French Award Breakthrough
British/Irish Filmmaker

South Bank Sky Arts Awards

Rocks
Fable Pictures
Best Film

International

AARP Movies for Grownups Awards

The Father – Anthony Hopkins
Trademark Films, F Comme Film, Ciné-@
Best Actor

Academy Awards

The Father – Anthony Hopkins
Trademark Films, F Comme Film, Ciné-@
Best Actor

The Father – Christopher Hampton,
Florian Zeller
Trademark Films, F Comme Film, Ciné-@
Adapted Screenplay

Atlanta Film Critics Circle Awards

Titane – Agathe Rousselle
Kazak Productions
Best Breakthrough Performance

Australian Academy of Cinema and Television Arts International Awards

The Father – Olivia Colman
Trademark Films, F Comme Film, Ciné-@
International Award for Best Supporting
Actress in Film

Black Film Critics Circle Awards

Passing – Tessa Thompson
Significant Productions, Picture Films,
Flat Five Productions
Best Actress

Brussels International Film Festival

Limbo – Iruke Gurtubai, Angus Lamont,
Ben Sharrock
Caravan Cinema
Grand Prix du Festival

Camerimage

Titane
Kazak Productions
Directors’ Debut Award

Cannes Film Festival

Titane
Kazak Productions
Palme D’or

Chicago Film Critics Association Awards

Passing – Ruth Negga
Significant Productions, Picture Films,
Flat Five Productions
Best Supporting Actress

Awards (continued)

Denver Film Critics Society

The Personal History of David Copperfield
FilmNation Entertainment, Wishmore
Entertainment
Best Comedy

Detroit Film Critics Society Awards

Last Night in Soho
Perfect World Pictures, Working Title,
Complete Fiction
Best Use of Music

European Film Awards

The Father – Anthony Hopkins
Trademark Films, F Comme Film, Ciné-@
European Actor

The Father – Florian Zeller and
Christopher Hampton
Trademark Films, F Comme Film, Ciné-@
European Screenwriter

Titane – Flore Masson, Olivier Afonso,
Antoine Mancini
Kazak Productions
European Make-Up & Hair

Fantastic Fest

Such Small Hands
Wellington Films
Best Director – Short Fuse strand

Greater Western New York Film Critics Association's Film Awards

Passing – Ruth Negga
Significant Productions, Picture Films,
Flat Five Productions
Supporting Actress

Hawaii Film Critics Society

The Father
Trademark Films, F Comme Film, Ciné-@
Best First Film

Hollywood Critics Association

The Personal History of David Copperfield
– Suzie Harman & Robert Worley
FilmNation Entertainment, Wishmore
Entertainment
Best Costume Design

Imagine Film Festival

Censor
Silver Salt Films
Méliès d'argent for best European film

International Film Music Critics Association Awards

The Personal History of David Copperfield
– Christopher Willis
FilmNation Entertainment, Wishmore
Entertainment
Best Original Score for a Comedy Film

The Personal History of David Copperfield
– Christopher Willis
FilmNation Entertainment, Wishmore
Entertainment
Film Score of the Year

IPA Satellite Award

The Father – Christopher Hampton &
Florian Zeller
Trademark Films, F Comme Film, Ciné-@
Screenplay, Adapted

The Personal History of David Copperfield
– Suzie Harman, Robert Worley
FilmNation Entertainment, Wishmore
Entertainment
Costume Design

Irish Film and Television Academy and Awards

Wildfire – Cathy Brady
Tempesta Film UK, Cowboy Films,
Samson Films
Director

Wildfire – Nika McGuigan
Tempesta Film UK, Cowboy Films,
Samson Films
Lead Actress

Los Angeles Film Critics Association Awards

Titane – Vincent Lindon (tied with Kodi
Smit-McPhee for *The Power of the Dog*)
Kazak Productions
Best Supporting Actor

Neuchâtel International Fantastic Film Festival

Censor
Silver Salt Films
Denis-De-Rougemont Youth Prize

Nevada Film Critics Awards

The Father – Anthony Hopkins (tied with
Riz Ahmed)
Trademark Films, F Comme Film, Ciné-@
Best Actor

The Father – Florian Zeller and
Chris Hampton
Trademark Films, F Comme Film, Ciné-@
Best Adapted Screenplay

New Mexico Critics Film Awards

Last Night in Soho – Anya Taylor-Joy
Perfect World Pictures, Working Title,
Complete Fiction
Best Supporting Actress

New York Film Critics Online

Passing – Tessa Thompson
Significant Productions, Picture
Flat Five Productions
Best Actress

Passing – Rebecca Hall
Significant Productions, Picture
Flat Five Productions
Best Debut Director

Passing – Ruth Negga
Significant Productions, Picture
Flat Five Productions
Best Supporting Actress

NewFest

Passing
Significant Productions, Picture
Flat Five Productions
U.S. Narrative Feature Jury Award

Online Association of Female Film Critics 2021 Awards

Passing – Rebecca Hall
Significant Productions, Picture Films
Flat Five Productions
Breakthrough Filmmaker

Titane – Agathe Rousselle
Kazak Productions
Breakthrough Performance

Philadelphia Film Critics Circle Awards

Passing – Rebecca Hall
Significant Productions, Picture Films
Flat Five Productions
Best Directorial Debut

Passing – Ruth Negga
Significant Productions, Picture Films
Flat Five Productions
Best Supporting Actress

Titane
Kazak Productions
Best Foreign Language Film

Titane – Agathe Rousselle
Kazak Productions
Breakthrough Performance

Phoenix Critics Circle awards

Titane
Kazak Productions
Best Horror

Portland Critics Association Awards

Titane
Kazak Productions
Best Horror Feature

Awards (continued)

Pula Film Festival

Limbo
Caravan Cinema
PRESCI Award International Competition

San Diego Film Critics Society

The Father – Christopher Hampton,
 Florian Zeller
Trademark Films, F Comme Film, Ciné-@
Best Adapted Screenplay

San Sebastian

Earwig
Anti-Worlds, Petit Film, in co-production
with Frakas Productions
Special Jury Prize

Sitges Film Festival

Sensor
Silver Salt Films
Best European Feature Film

St. Louis Film Critics Association

Last Night in Soho – Paul Machliss
Perfect World Pictures, Working Title,
Complete Fiction
Best Editing

Strasbourg European Fantastic Film Festival

Such Small Hands
Wellington Films
Golden Octopus

The Goyas

The Father
Trademark Films, F Comme Film, Ciné-@
Best European Film

TIFF

Titane
Kazak Productions
People's Choice Midnight Madness Award

Women Film Critics Circle

Last Night in Soho
Perfect World Pictures, Working Title,
Complete Fiction
The Adrienne Shelly Award (Honours a film
that most passionately opposes violence
against women)

Passing
Significant Productions, Picture Films,
Flat Five Productions
Best Movie About Women

Passing – Ruth Negga and Tessa Thompson
Significant Productions, Picture Films,
Flat Five Productions

Passing
Significant Productions, Picture Films,
Flat Five Productions
Josephine Baker Award – For best
expressing the woman of colour experience
in America

Passing
Significant Productions, Picture Films,
Flat Five Productions
Karen Morley Award – For best exemplifying
a woman's place in history or society, and a
courageous search for identity

Titane
Kazak Productions
Best Foreign Film by or about Women

Titane – Julia Ducournau
Kazak Productions
Courage in Filmmaking

Marketing

Broadcast Digital Awards

It's A Sin
4Creative/4Studio
Best Digital Support for a Programme

Mission: Accessible
4Studio
Best Content Partnership or AFP

The Boy Who Climbed The Shard
4Studio/Parable
Best Short Form Documentary

British Arrows

Complaints Welcome
Channel 4/4Creative
Charity & Public Service – Golden Arrow

Complaints Welcome
Channel 4/4Creative
Best Writing – Golden Arrow

Complaints Welcome
Channel 4/4Creative
Best over 60s and up to and including 90s
– Bronze Arrow

Complaints Welcome
Channel 4/4Creative
Best Entertainment Promotion – Golden
Arrow

Campaign BIG Awards

Super. Human./Paralympics
Channel 4/4Creative

Clio Sports Award

Super. Human./Paralympics
Channel 4/4Creative
Film/61 seconds to 5 min

Creative Circle Awards

#MerryDifferent
Channel 4/4Creative
Best Film 60secs and Over – Bronze

#MerryDifferent
Channel 4/4Creative
Best Tactical Film – Bronze

We Need Your Butts
Channel 4/4Creative
Best Tactical Film – Gold

We Need Your Butts
Channel 4/4Creative
Best Film for Positive Change – Bronze

#MerryDifferent
Channel 4/4Creative
Best Lockdown Film – Silver

We Need Your Butts
Channel 4/4Creative
Best Lockdown Film – Silver

#MerryDifferent
Channel 4/4Creative
Best Film Scriptwriting – Gold

Stay At Home Idents
Channel 4/4Creative
Best Low Budget Idea – Bronze

Creative Review

#StayAtHome Campaign
Channel 4/4Creative
In-house Campaigns – selected for T
Annual

D&AD Awards

Stay at Home Idents
Channel 4/4Creative
Branding/Channel Branding – Wood +

Lovie Awards

Mission: Accessible
Channel 4/4Studio
Video/Branded Entertainment/Diversit
Equity & Inclusion – Bronze

#MerryDifferent
Channel 4/4Creative
Video/Branded Entertainment: Comedy
– Silver

Awards (continued)

#StayAtHome
Channel 4/4Creative
Social/Social Content Series & Campaigns/
Public Service & Activism – Bronze

#StayAtHome
Channel 4/4Creative
Video/Video Series/Public Service &
Activism – Bronze

It's A Sin
Channel 4/4Creative/4Studio
Social/Social Content Series & Campaigns/
Diversity, Equity & Inclusion – Gold

It's A Sin
Channel 4/4Creative/4Studio
Online Advertising Campaign/Best
Integrated Campaign – Bronze

Prolific North Marketing Awards

Unseen Kingdoms
Channel 4/4Studio
Best Social Purpose Campaign

Promax Awards

4creative
4creative
Creative Team of the Year – Gold

Channel 4
Channel 4
Brand of the Year – Gold

10 years of M.I.C
Channel 4/4Creative
Best Entertainment and Reality Clip Based
– Gold

Hair Power: Me and My Afro
Channel 4/4Creative
Best Factual Clip Based – Bronze

The Handmaid's Tale
Channel 4/4Creative
Best Drama – Bronze

Back and Proud
Channel 4/4Creative
Best Season – Bronze

Altogether Different
Channel 4/4Creative
Best Brand Spot – Gold

Altogether Different
Channel 4/4Creative
Best Entertainment and Reality Clip Based
– Silver

Christmas Clown
Channel 4/4Creative
Best Ident – Gold

Christmas Clown
Channel 4/4Creative
Best Use of Animation – Gold

Married at First Sight
Channel 4/4Creative
Best Entertainment and Reality Originated
– Gold

Married at First Sight
Channel 4/4Creative
Best 360 Campaign – Gold

Married at First Sight
Channel 4/4Creative
Best Use of Social Media: Paid Support –
Gold

Married at First Sight
Channel 4/4Creative
Best Use of Humour – Gold

Married at First Sight
Channel 4/4Creative
Best Script Writing – Bronze

Taskmaster
Channel 4/4Creative
Best Entertainment and Reality Originated
– Silver

Taskmaster
Channel 4/4Creative
Best Use of Social Media: Paid Support –
Silver

Taskmaster
Channel 4/4Creative
Best Static Image – Bronze

Paralympics
Channel 4/4Creative
Best Sports Originated – Gold

Paralympics
Channel 4/4Creative
Inclusion and Change Award – Gold

Paralympics
Channel 4/4Creative
Best Direction – Gold

Paralympics
Channel 4/4Creative
Best Editing – Gold

Paralympics
Channel 4/4Creative
Best Copywriting – Gold

Paralympics
Channel 4/4Creative
Best Copywriting: OOH – Silver

Paralympics
Channel 4/4Creative
Best Press: OOH – Silver

FilmFear
Channel 4/4Creative
Best Film – Silver

FilmFear
Channel 4/4Creative
Best Editing – Silver

Merry Different
Channel 4/4Creative
Best Reactive Work – Silver

Merry Different
Channel 4/4Creative
Best Script Writing – Silver

It's A Sin
Channel 4/4Creative
Best On-Air Campaign – Gold

It's A Sin
Channel 4/4Creative
Best Media Planning – Silver

Shark Awards

Super. Human./Paralympics
Channel 4/4Creative
Advertising Film – Best Sport Event
Commercial – Gold

Sales

Media Week Awards

4Sales
Channel 4
Sales Team of the Year – Gold

4Studio
Channel 4
Media Brand of the Year – Bronze

"Hair Power: Me & My Afro" for Dove
Channel 4, Dove & Unilever Entertainment
Best Use of Content (under £250k) – Silver

"Unseen Kingdoms" for The Body Shop
with 4Studio
Channel 4, The Body Shop & TCO London
Best Use of Content (over £250k) – Silver

"#TogetherAgainstHate" for National
Channel 4, Nationwide & WaveMaker
Media Idea (9

Awards (continued)

"FIFA 2021" for EA Sports with Diversity In Advertising Award
Channel 4, Adam & Eve DDB & EA Sports
Media Idea (over £1m) – Bronze

"#StandAgainstRacism" for Sainsburys
Channel 4, Sainsburys & PHD
Small Collaboration (under £250k) – Silver

"ONS Census 2021" for HM Government
Channel 4, Office For National Statistics
& MGOMD
Large Collaboration – Gold

MPA Awards

4Sales Nations and Regions Team
Channel 4
Media Sales Team of the Year

"Great British Bake Off" Sponsorship for Aldi
Channel 4, Aldi & UM Manchester
Best Media Campaign

Broadcast Digital Awards

"Mission: Accessible" for Visit England with 4Studio
Channel 4, Visit Britain & Rockerdale
Best Content Partnership or AFP

Prolific North Marketing Awards

"Unseen Kingdoms" for The Body Shop with 4Studio
Channel 4, The Body Shop & TCO London
Best Social Purpose Campaign

Campaign Purpose Awards

"#StandAgainstRacism" for Sainsburys
Channel 4, Sainsburys & PHD
Best Inclusion Cause Collaboration

"What's Your Name" for Starbucks with Diversity In Advertising Award
Channel 4, Starbucks & Iris London
Best Inclusion Cause Campaign (Brand Led)

Drum Online Media Awards

"Unseen Kingdoms" for The Body Shop with 4Studio
Channel 4, The Body Shop & TCO London
Commercial Campaign of the Year

Brandm4tch on All 4
Channel 4
Commercial Innovation

Campaign Tech Awards

Brandm4tch on All 4
Channel 4

C21 International TV Format Award

"24Hrs in A&E Heart Special" for British Heart Foundation
Channel 4, British Heart Foundation & PHD
Best Brand Driven Format

UK Sponsorship Awards 2020

"Homes on 4 Sponsorship" for Hillarys
Channel 4, Hillarys & Mediacom North
Best TV Sponsorship

Made In Chelsea partnership with Never Fully Dressed
E4, Never Fully Dressed & Media Agency Group
Best Use of Celebrity & Influencer Endorsement

Drum Digital Advertising Awards

Brandm4tch for Asda
Channel 4, Asda
Best Use of Connected TV

Campaign Media Awards

"#StandAgainstRacism" for Sainsburys
Channel 4, Sainsburys & PHD
Campaign of the Year (Grand Prix)

"Hair Power: Me & My Afro" for Dove
Channel 4, Dove & Unilever Entertainment
Branded Content TV & Cinema

"#StandAgainstRacism" for Sainsburys
Channel 4, Sainsburys & PHD
Media Partnerships over £250k

Brandm4tch on All 4
Channel 4
Product Innovation

"24Hrs in A&E Heart Special" for British Heart Foundation
Channel 4, British Heart Foundation & PHD
Charity Sector

"Night Mode" for Eve Sleep
Channel 4, Eve Sleep & Goodstuff
Communications
Retail

"Laundry against Landfill" for Ecover
Ecover & Goodstuff Communications
Food, Drink & Household

Independent Assurance Report to Channel Four Television Corporation

on selected disclosures included within the Statement of Media Content Policy

We have been engaged by the Directors of the Channel Four Television Corporation ("Channel 4") to conduct a limited assurance engagement in accordance with ISAE3000 (Revised) relating to the Assured Disclosures¹ concerning the Statement of Media Content Policy ("SMCP") performance information for the year ended 31 December 2021.

Our unqualified conclusion

Based on our work as described in this report, nothing has come to our attention that causes us to believe that the Assured Disclosures¹, which have been prepared in accordance with Channel 4's internal guidelines, materially misstate Channel 4's SMCP performance for the year ended 31 December 2021. The data have been prepared on the basis of the methodology set out in Channel 4's respective internal guidelines which can be seen on the Channel 4 website (see here).

Respective responsibilities of the directors and assurance provider

The Directors are responsible for preparing the SMCP Report, including the Assured Disclosures¹, and for presenting the SMCP, including associated information and key measures in accordance with their methodology. Channel 4 has developed the methodology and summarises this accordingly, including definitions, how data for measures were selected and the calculation methodology. It is Channel 4's responsibility to implement and maintain the appropriate systems, processes and controls for preparing the SMCP and ensuring information is free from material misstatement.

Our responsibility is to express a conclusion on the Assured Disclosures¹ based on our procedures. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE 3000 revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board, in order to state whether anything had come to our attention that causes us to believe that the Assured Data have not been prepared, in all material respects, in accordance with the applicable criteria. Our engagement provides limited assurance as defined in ISAE 3000 (Revised). The evidence gathering procedures for a limited assurance engagement are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Our procedures consisted primarily of:

- interviewing managers at Channel 4's head office, including those with operational responsibility for the preparation of the Assured Disclosures¹;
- evaluating the processes and controls for managing, measuring, collating and reporting the Assured Disclosures¹, including the application of the methodology within the internal guidelines to underlying assumptions; and
- testing the compilation of a representative sample of Channel 4's SMCP data, selected on the basis of their inherent risk and materiality to Channel 4, from receipt from third party through to the presentation shown in the SMCP data.

Measures which are dependent on sources outside of Channel 4's operational boundary (sourced from: BARB and TRP, YouGov, Attentional and Ipsos MORI) are limited to corroboration with Channel 4 on how data is received and used within Channel 4 as part of the SMCP disclosure.

Limitations

Inherent limitations exist in all assurance engagements due to the selective enquiry of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally non-financial information is subject to more inherent limitations than financial information, given the nature and methods used for determining, calculating and sampling or estimating such information.

Our work did not include

- procedures to test the robustness of source data provided by those third parties (BARB and TRP, YouGov, Attentional and Ipsos MORI), their management of data including assumptions, consolidation, normalisation and reporting; or
- testing to determine the reasonableness of broadcast classifications used within the methodology (originations or acquisitions; first run or repeat; genre; broadcast time, duration or channel; regional or national production; and language)

Our report is made solely to Channel 4, in accordance with ISAE 3000 (revised). Our engagement provides limited assurance as defined in ISAE 3000. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Independence

We performed the engagement in accordance with Deloitte's independence policies, which cover all of the requirements of the International Federation of Accountants' Code of Ethics and in some areas are more restrictive. The firm applies the International Standard on Quality Control and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Deloitte LLP

London
4 May 2022

¹ Assured Disclosures are defined in the Appendix of this Report.

Appendix – Assured Disclosures

Deloitte have reviewed the following metrics which form part of Channel 4's SMCP and are covered by our limited ISAE 3000 revised assurance statement:

1. Audience reach
2. TV viewing share
3. Share amongst hard-to-reach audiences – BAME
4. Share amongst hard-to-reach audiences – 16-34-year-olds
5. Most popular channels for young viewers
6. Viewing to national news
7. Reach of Channel 4 news
8. Channel reputations: shows different kinds of cultures and opinions
9. Channel reputations: challenges prejudice
10. Channel reputations: shows the viewpoints of minority groups in society
11. Channel reputations: home for alternative voices
12. Channel reputations: makes me think about things in new and different ways
13. Channel reputations: tackles issues other channels wouldn't
14. Channel reputations: takes a different approach to subjects compared to other channels
15. Channel reputations: takes risks with programmes that others wouldn't
16. Channel reputations: is experimental
17. Channel reputations: best for modern independent film
18. Channel reputations: documentaries that present alternative views
19. Inspiring change through factual programming
20. Independence of TV news
21. Programme reputations: current affairs
22. Channel reputations – catering for audiences other channels don't cater for
23. Investment in all Content
24. Investment in programming by genre
25. Output mix on Channel 4
26. Investment in Originated Content
27. Originated output across Channel 4 TV portfolio
28. Volume of first-run originations by genre
29. Broadcasters' investment in the production sector
30. Diversity of supply base
31. Investment in the nations and regions (main channel)
32. Investment in the nations (main channel)
33. Spend by region across the Channel 4 TV portfolio
34. Range of international programming
35. Diversity output on the main channel
36. Diversity of Film4 channel schedule
37. Commitment to long-form journalism
38. On-demand viewing
39. Total visits to Channel 4's websites and apps
40. Viewing to network originations
41. New and one-off programmes
42. Shows different kinds of cultures and opinions
43. Pushes Boundaries
44. Always trying something new

Financial Report



The Electrical Life of Louis Wain

and Statements

For the year ended 31 December 2020



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Financial report and financial statements

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Financial review and highlights

Corporation revenues

Channel 4's record Corporation revenues of £1,164 million for the year surpassed pre-pandemic levels to exceed £1 billion for the first time ever in 2021, up 25% on 2020 (2020: £934 million)

Channel 4 also broke its record for highest-ever monthly revenues twice during the year, in September and again in November

The TV advertising market has continued to beat expectations – post-Covid recovery has been followed by further growth above 2019 levels, as new online entrants embrace the potential of TV advertising

2021 saw significant growth across all three of our key revenue streams (see page 210), reflecting our strategic focus on digital growth and revenue diversification

Digital advertising revenue

All 4 views were up 21% on 2020 – a second year running of double-digit growth to reach 1,518 million views in 2021 (2020: 1,253 million). This puts us well on our way to our Future4 target of doubling digital viewing over 2020-2025.

Digital advertising revenue increased by nearly 40% on 2020 (2020: £161 million), and now makes up 19% of Channel 4's total revenues, up from 17% last year – again, well on target to reach 30% of revenues from digital advertising by 2025 – see further details on page 146

This growth is supported by our Future4 strategy launched in 2020, with greater focus on digital content, platforms and distribution than ever before

Content spend

- 2021 saw Channel 4 increase its content spend significantly from 2020 as we reinvested our strong surplus from 2020 into the independent production sector (2020: £522 million)
- Originated content spend of £492 million (2020: £370 million) reflects our impressive remit delivery in 2021 with titles like *It's A Sin* and our Paralympics coverage, and ensured that all of our Ofcom quotas for the year were achieved – see further detail on page 116
- Our clear strategy to prioritise digital viewing, combined with a more competitive post-Covid linear market, meant we anticipated a slightly lower linear share of commercial impacts ('SOCI') for 2021. Whilst portfolio SOCI for 16-34-year-olds fell to 20.1% (from 21.3%), portfolio SOCI for ABC1s performed well, increasing slightly to 16.6% (2020: 16.3%), its highest since 2018

Pre-tax surplus

- Channel 4 achieved a record result for the second year running in 2021, recognising a three-figure pre-tax surplus for the first time ever (2020: £74 million)
- A year of significant reinvestment in content and strategic projects was planned for 2021, following cuts in 2020 to deal with the financial implications of the Covid crisis. As revenues have continued to improve during the year, we have responded with further strategic investment, demonstrating the flexibility of our business model
- A record surplus in 2021 provides a platform for further strategic growth into 2022 and beyond

Net cash reserves

- Channel 4's record £71 million increase in our cash reserves versus 2020, to reach our second highest-ever closing cash position of £272 million (2020: £201 million)
- While Channel 4 drew down on its £1 million RCF at the start of the pandemic to ensure maximum liquidity was available, none of this additional funding was used during 2020 or 2021, and the facility was repaid in full in June 2021
- Net cash reserves is presented as an alternative performance measure ('APM') with further details provided on page 205

Net assets

- Net assets have grown by £114 million during 2021 (2020: £452 million), reflecting our post-tax surplus for the year, in addition to a significant reduction in our pension deficit to £29 million (2020: £68 million), with contributions made during the year assisted by strong investment returns and changes to the actuarial assumptions applied
- Another year of improvement to our balance sheet position opens up new opportunities for longer-term investment in the coming years as we build on our ambitious Future4 strategy, and only serves to underpin Channel 4's long-term resilience even through uncertain times

Financial review and highlights (continued)

Income statement highlights

£m	2021 £m	2020 £m
Sales House revenues ¹	1,298	1,047
Corporation revenues	1,164	934
Content spend	671	522
Originated content spend	492	370
Pre-tax surplus/(deficit)	101	74

¹ Sales House revenues includes the gross revenues of our partners UKTV and Discovery (as well as BT Sport for part of 2020). The difference between Sales House revenues and Corporation revenues relates to the revenue we collect on behalf of our partners. As Channel 4 is an agent in these relationships, we only recognise our commission on these sales within Corporation revenues.

Against a backdrop of continuing uncertainty in 2021, Channel 4 has been able to report a record-breaking set of financial results, delivering the largest surplus in its history at £101 million. Record revenues have ensured that these results have been achieved even as Channel 4 embarks on significant investment, both in the production sector and in its innovative future strategy.

The Group achieved its highest-ever revenues of £1,164 million in 2021 (2020: £934 million), passing £1 billion for the first time, and showing even stronger growth than anticipated, over and above recovery from the economic impact of Covid in 2020. Linear advertising revenues of £835 million were up 21% on 2020. Digital advertising revenues saw even more impressive growth, up nearly 40% on 2020 as our digital-first Future4 strategy starts to pay dividends. Digital advertising revenues now make up 19% of total revenues (2020: 17%), which puts us well on our way to achieving a target of 30% of revenues from digital by 2025. Further revenue diversification has also led to growth in non-advertising revenue, up 25% versus 2020 as we continue to develop our 4Studio unit and partnership activity.

2021 saw our investment in programming return not just to pre-pandemic levels (following major cancellations, delays and budget reductions during 2020 as a result of Covid), but to our third-highest content spend ever of £671 million – coming behind only record years in 2016 and 2017 (2020: £522 million). After reaching over 1 billion views for the first time in 2020, All 4 viewing saw continuing growth in 2021 to 1.5 billion views. After a very strong year in terms of our SOCI performance in 2020, we had anticipated a lower share in 2021 as production restarted and competitors were able to bring back key titles and live events. This is reflected in our final portfolio SOCI position, with 16-34-year-olds down 6% year-on-year to 20.1%, although ABC1s SOCI increased slightly to 16.6% (2020: 16.3%).

Channel 4 is committed to investing its record 2021 surplus into its strategic priorities, and into the production sector. In cash terms, this reinvestment was already underway as at our 2021 year end. Given the lead time between cash committed and content making its way on screen, we will see this reinvestment borne out in our creative output, audiences and financial metrics over the coming years.

Balance sheet highlights

	2021 £m	2020 £m
Net assets	566	452
Freehold land and buildings	98	96
Growth Fund investments	42	26
Programme stock and film rights	298	240
Net cash reserves ¹	272	201
Pension deficit	(29)	(68)

¹ This alternative performance measure reflects the sum of the Group's cash and cash equivalents and other financial assets net of cash borrowings at the balance sheet date; further details are provided on page 205.

As shown on page 202, the Group's net assets increased by £114 million during 2021 to a closing position of £566 million. This results from the Group's post-tax surplus for the year of £89 million, plus a significant improvement on our pension liability (see below) and an associated movement on our deferred tax asset. An improvement in the valuation of our Horseferry Road building also contributes to the increase. The majority of our Growth Fund investments have remained stable in valuation as the economy starts to recover, although we have recognised a £3m decrease in fair value on certain holdings in relation to the more significant impact of the pandemic on some sectors of the economy. While our programme stock and film rights balance increased by £59 million during the year as a result of content reinvestment and production restarting, this was offset by working capital movements elsewhere.

The net pension deficit has decreased to £29 million (2020: £68 million), with contributions made by the Group during the year assisted by strong investment returns, which boosted the scheme's assets and contributed to a higher discount rate which reduces the Scheme's liabilities.

A second year running of record results has further reinforced our balance sheet position, putting us in good stead for strategic investment over the coming years and clearly demonstrating Channel 4's financial sustainability.

Cash flow

In March 2020, Channel 4 drew down the full £75 million of its revolving credit facility to provide maximum liquidity if required in response to the Covid-19 pandemic and its negative impact on the TV advertising market, particularly as working capital requirements and cash balances fluctuate during the year due to the seasonality of ad revenues, programme investment and other spend. None of this additional funding was utilised at any point during 2020 or 2021, and the facility was repaid in full in June 2021. During 2021, the Group repaid £9 million of VAT payments that had been deferred in 2020 under HMRC's VAT deferral scheme, with the remainder repaid in early 2022.

Channel 4 finished 2021 with net cash reserves of £272 million, up £71 million on 2020 and the second-highest closing cash position in Channel 4's history. This cash inflow reflects the £101 million surplus for the year, offset by Channel 4's pension funding commitments, key capital expenditure in our Nations and Regions offices and investment acquisitions during the year.

Financial review and highlights (continued)

Our remit and business model

Channel 4 is a unique organisation: a public service publisher-broadcaster with a distinctive creative remit, funded solely from commercial revenues, existing to provide a range of distinctive, challenging and provocative content. In order to fulfil our public service remit (which is set out throughout the Statement of Media Content Policy) we seek to optimise returns from our commercial activities and minimise our overheads in order to maximise our spend on screen, marketing and investment in our digital strategy.

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

The delivery of Channel 4's unique remit has always relied on a challenging funding model which requires an agile, pioneering and well-executed commercial strategy. The Members' view is that this is one of the organisation's strengths, incentivising Channel 4 to remain at the sharp end of innovation.

The section 172(1) statement made on page 175 sets out how the Members promote Channel 4's success in line with our remit and the business model described above.

Our strategy

In November 2020, Channel 4 launched its new Future4 strategy focusing on innovation in light of challenges to the traditional TV marketplace to ensure the channel remains relevant as a destination for the next generation of audiences, securing the Group's long-term sustainability.

The strategy is centred on a newly articulated view of Channel 4's purpose: to create change through entertainment. This is supported by the following key strategic pillars (as shown on page 21):

- Prioritising digital growth over linear ratings
- Putting viewers at the heart of decision making
- Diversifying our revenue streams to underpin our sustainability
- Focusing on strategic partnerships to compete more effectively

Future4 is outlined in greater detail on pages 20 to 21, including an overview of the current corporate and financial priorities that our key pillars translate to. Key performance indicators were introduced alongside the Future4 strategy in 2020 to monitor the business's performance against these objectives and progress over time – 2021 performance is considered on pages 146 to 147. Our assessment of our key business risks on pages 156 to 164 notes the hurdles faced in implementing Future4 in practice, and the mitigations in place to ensure we perform against our strategic targets.

Our principal activities

Our principal activities include free-to-air television channels which help to maintain our scale and creative impact, our digital platform All 4, and investments in film and independent production.



Channel 4

Core focus on the values of innovation, creativity and diversity through original UK-commissioned programming. Channel 4 is available in standard and high definition on the main broadcast platforms and also encompasses our delayed transmission service Channel 4+1 and 4seven. 4seven provides another opportunity to watch Channel 4 programmes from the past week that have generated public, media and social media attention.



E4

Focuses on comedy, drama and entertainment, including original commissions and US acquisitions. E4 is the second most popular digital channel for 16-34-year-olds and the second most popular digital channel in the UK.



More4

Offers lifestyle-based content to help viewers to get the most out of their everyday lives. More4 focuses on popular factual and features programming including homes, property, food, health and fashion.



Film4

The UK's leading dedicated film channel, Film4 offers a mix of the best British, European, US and international cinema.



4Music

A Channel 4-branded music and entertainment channel targeted at the 16-34 demographic.

Other

Our channels are available on all the main broadcast platforms and offer delayed transmission and high definition services.

Channel 4 also broadcasts a suite of entertainment and music channels targeted at the 16-34 demographic, including Box Hits, The Box, Kiss, Magic and Kerrang!



All 4

All 4, our VoD proposition, and other interactive platforms have helped to extend the depth and impact of programming output. All 4 enables us to package together a much wider variety of content: live TV, catch-up, box-sets and an increasing volume of online-specific content, making the platform a standalone destination with a clear editorial tone of voice. We are maintaining investment in technology to ensure a reliable user experience which keeps pace with heightened competition and consumer expectations.



Film4 Productions

Film4 Productions develops and co-finances films and is known for working with the most distinctive and innovative talent in UK and international filmmaking, whether new or established.

4Studio

4Studio is our in-house digital content studio, at the heart of our digital acceleration strategy leading on all aspects of short-form content publication across social media platforms and delivering on Channel 4's strategy to serve young audiences in the spaces where they like to consume and interact with content.

Investment funds

The Indie Growth Fund helps to nurture the independent production sector by providing access to finance for a broad portfolio of small and medium-sized companies based in the UK to help them grow and develop their business.

Channel 4 Ventures attracts new advertisers to TV and helps stimulate existing advertising sectors. The fund exchanges advertising airtime for minority stakeholdings in fast-growing companies.

Rights

Our UK secondary rights business generates income through the distribution of programmes and other associated products.

Key performance indicators

The Board uses a range of quantitative financial and non-financial information to monitor the Group's performance. The key performance measures presented here have been identified by the Board as the most effective indicators in assessing progress against Channel 4's key objectives and strategy. The KPIs outlined on these pages are reviewed alongside the Statement of Media Content Policy ('SMCP') metrics set out on pages 84 to 128 of this report and a wider range of performance metrics set out on pages 237 to 239.

Digital advertising revenue

Definition

Digital advertising revenue reflects revenues generated from advertising on All 4 as well as other third-party platforms. This is monitored both in absolute terms and as a percentage of total Corporation revenues.

Importance

Diversifying our advertising revenues is a key pillar of our Future4 strategy, reflecting the changing viewing environment that Channel 4 operates in, and aimed at ensuring future sustainability. The strategy sets a clear commercial target: digital advertising revenue to be at least 30% of total revenue by 2025.

2021 performance

2021 was a particularly strong year for digital advertising revenue, which saw growth of nearly 40% year-on-year to reach £224 million. This ensures we are on course towards our 2025 targets, with digital advertising now making up 19% of total Corporation revenues (17% in 2020).

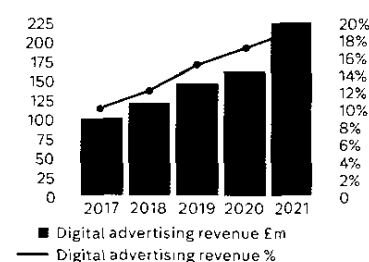
19% ▲

% of total revenue

£224m ▲

Digital advertising revenue

Digital advertising revenue



Non-advertising revenue

Definition

Non-advertising revenue includes all revenues not generated directly through either linear or digital advertising – including (but not limited to) rights income, distribution and theatrical revenues. This metric also reflects new revenue streams developed as part of our Future4 strategy. Non-advertising revenue is monitored both in absolute terms and as a percentage of total Corporation revenues.

Importance

Diversifying our revenues, and developing new revenue streams outside of our advertising business, is a key pillar of our Future4 strategy, aimed at ensuring future sustainability. The strategy sets a clear commercial target: non-advertising revenues to be at least 10% of total revenue by 2025.

2021 performance

Non-advertising revenue was up by 26% in 2021 to £105 million, as we continue to develop strategic new revenue streams, including our 4Studio team. Non-advertising revenue remains at 9% of our total, in line with 2020, although this is against a base of much higher linear and digital revenue in 2021 as the advertising market continues its post-Covid recovery.

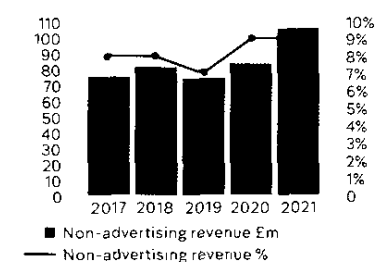
9% ▲

% of total revenue

£105m ▲

Non-advertising revenue

Non-advertising revenue



Programme streaming views

Definition

A streaming view occurs when a clip or full-length programme is accessed on our All 4 on-demand platform.

Importance

Doubling All 4 viewing by 2025 (versus our baseline of 995 million views in 2019) is a central goal of our Future4 strategy, to ensure that Channel 4 remains relevant in an increasingly digital viewing landscape. Streaming views measure our success in attracting viewing to our on-demand platform in the face of competition, both from traditional broadcasters and global giants.

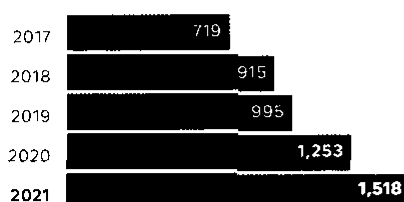
2021 performance

Streaming views were up 21% in 2021, finishing the year on 1,518 million views. 2021 performance continued to build on the record growth we saw in 2020 over periods of lockdown, and reflects the success of our increasingly digital-first approach.

1,518m ▲

Programme streaming views

Streaming views



Share of commercial impacts

Definition

Share of commercial impacts ('SOCl') measures our share of the commercial linear viewing audience, and specifically of commercial impacts (one member of a target audience viewing one advert). Channel 4 focuses on its portfolio SOCl across the two target audiences which make up its key demographic – 16-34-year-olds and ABC1s.

Importance

SOCl is a clear indicator of linear viewing performance, and additionally (unlike a broader general share of viewing metric) acts as an indicator of how viewing translates to revenue generation through the advertising we sell.

2021 performance

In 2021, portfolio SOCl across 16-34-year-olds decreased to 20.1% (2020: 21.3%) – a decline which had been anticipated given Channel 4's strategic digital-first focus, and as our competitors started to return key titles and live events to the schedule this year. Portfolio SOCl for ABC1s however grew slightly year-on-year, even measuring against a strong 2020 performance, to 16.6% for 2021 (2020: 16.3%).

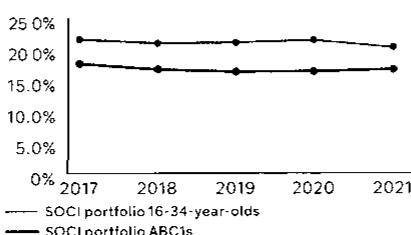
20.1% ▼

SOCl portfolio 16-34-year-olds

16.6% ▲

SOCl portfolio ABC1s

Portfolio SOCl



Ofcom requirements

Definition

As a public service broadcaster, the Channel 4 main service is set various licence obligations by Ofcom. Targets are set for a range of production and transmission measures.

Importance

Channel 4 must demonstrate compliance with its licence obligations. Our delivery against these targets is set out on pages 103 to 112.

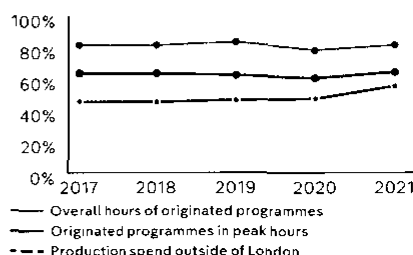
2021 performance

In 2021 we met or exceeded all of our licence requirements, with key quotas achieved shown below. During 2021, the main channel achieved 64% of overall hours of originated programmes (target: 56%) and 81% in peak hours (target: 70%). As shown on pages 109 and 111, we also achieved 55% of programme production spend outside London (target: 35%) and 9% of programme production spend in the Nations (target: 9%).

Exceeded ▲

Ofcom requirements

Key metrics for Ofcom quotas



People and corporate social responsibility

People

In 2021, we reshaped the organisation to align with our Future4 strategy, refining our Executive structure to bring key disciplines together and clarify accountabilities to reduce complexity in our structure, to support better communication, faster decision making and create more meaningful roles for everyone.

Our continued focus was the welfare of our employees, and to provide support to work in a hybrid way. As rules changed, we ensured our offices were made safe and provided options for our employees to start to return to work through trialling agile working, through our 50/50 manifesto.

During the year, we continued to hold regular all-staff sessions with the Chief Executive and also conducted employee surveys to listen to our employees and respond as appropriate. Our engagement score averaged 81%, slightly above the Creative & Media industry benchmark¹.

Diversity profile

Channel 4's focus on Inclusion and Diversity ('I&D') continues to ensure we have a diverse makeup of employees.

Our employees choose whether to voluntarily share their diversity information with us and have an option to choose "prefer not to say" for each question.

	December 2021	December 2020	2023 target (staff)
Female			
Total	58%	54%	N/A
In top 100 paid employees	48%	45%	50%
Ethnically diverse			
Total	18%	17%	20%
In top 100 paid employees	17%	12%	20%
Disabled	11%	10%	12%
LGBTQ+	10%	8%	6% ²

Employee breakdown and gender balance

The average number of employees for the year, on a full-time equivalent basis, was 1,044 in 2021 (2020: 912). The average number of people employed by the Group for each group of employees was as follows:

2021	Male no.	Female no.
Executive team	8	5
Senior managers	24	18
Employees	424	556
Total employees	456	579
Non-Executive Members	6	3
Total including Non-Executive Members	462	582

Our employee resource groups ('ERGs'), listed below, have played a huge role in supporting our employees and the business throughout 2021, and the Channel 4 Executive team offer their thanks for this hard work and dedication during the year. The ERGs have organised and held regular virtual meetings and support sessions throughout the year, continuing to raise awareness of difference and fostering an inclusive culture:

- The Collective (diverse ethnicities)
- 4Earth (environment)
- 4Mind (mental health)
- 4Parents & Carers (parents and carers)
- 4Pride (LGBTQ+)
- 4Purple (disability)
- 4Reps (employee representatives)
- 4Women (women)
- The Shed (men) launched in 2021

Attracting diverse talent

We monitor recruitment activity each month by asking all candidates to share their diversity data with us if they wish to do so. As a 'Disability Confident Leader' we offer a guaranteed interview to all candidates with a disability who meet the essential criteria for a role.

In 2021, Channel 4 received 18,168 applications for jobs. We employed 327 new people, with the following breakdown:

	Applications	Employed
Ethnically diverse	24%	23%
Disabled	13%	11%
Female	48%	68%
LGBTQ+	17%	16%

We successfully ran two apprenticeship programmes in 2021. The first focused on roles for our Nations and Regions offices, where we placed 13 roles, and the second placed 15 roles in our London office.

Investing in people

Our approach to the training and development of our people has continued to be virtual (either virtual facilitator-led training or digital) as people have continued to mainly work from home.

During the year, we continued to run wellbeing workshops for both employees and line managers, focusing on a preventative approach towards supporting mental health through providing insights and strategies to alleviate anxiety and stress.

We have also continued to run additional Mental Health First Aider sessions, so that employees have had the opportunity to develop the skills to help support others within their teams.

We successfully ran two programmes: The Link, our 4Inclusion mentoring programme, and our Career Development Programme, both of which will continue in 2022. The three-month Career Development Programme provides a series of masterclasses, self-learning and one-to-one coaching.

¹ Source: Culture Amp.

² Target already met.

People and corporate social responsibility (continued)

We have also launched two further training programmes: one is focused on giving people managers the skills they need to lead teams effectively, while the other is focused on our senior leadership group, helping them to create and enable a culture of innovation and creativity.

Recognising that coaching is the most effective learning and development intervention, we have successfully offered individual coaching to more people managers through a partnership with Ezra, a virtual coaching platform. We also want to extend the opportunity of receiving business coaching to everyone, and so we are training an internal coaching team through a coaching apprentice partnership with Grant Thornton and BPP. These internal coaches will also act as coaches and mentors within The Link, our 4Inclusion mentoring programme as referenced above.

Finally, responding to the need amongst our employees for self-driven learning, we launched the LinkedIn Learning platform, enabling them to have instant access to instructor-led videos on pretty much any leadership, management or personal development topic.

Accountability for corporate conduct

Our Board and Executive team have committed to promoting the highest standards of responsible corporate behaviour and are ultimately accountable for this. Channel 4 has a Corporate Code of Conduct and procedures providing a framework for accountability, and a whistleblowing facility in place to ensure concerns can be raised by both Channel 4 employees and third parties within our supply chain.

Corporate and social responsibility

We are committed to playing a responsible role in our communities. The aim of our corporate responsibility strategy is to fulfil our public service remit in a responsible manner through inspiring and challenging the behaviour of our people and audience to promote social, environmental and personal change.

Environmental sustainability

We are bringing Channel 4's creative vision to sustainability

Our sustainability strategy

Channel 4 remains committed to a transition to net zero, by setting and achieving both near-term and long-term science-based emission reduction targets to provide a pathway to net zero by 2030.

We are integrating sustainability into all our processes and decisions, into four areas:

- How we behave – our operations and offices
- Who we work with – our suppliers
- What we showcase – our content
- How we do business – our partnerships and investments

How we behave – our operations and offices

Channel 4 will continue to reduce emissions as much as possible through efficiency measures, reviewing progress and advocating support for carbon reduction initiatives among our wider staff. Remaining emissions will be offset through credible schemes on the path to net zero.

In 2022 the priority will be to increase the quantity and quality of our operational carbon data, as well as looking at carbon calculators to measure the productions created internally. Further to this, we aim to have both near-term and long-term carbon reduction targets validated by the Science Based Targets initiative ('SBTI').

Sustainability governance and engagement

The Channel 4 Board and Executive team are provided with updates on sustainability activities throughout the year to review progress to date and agree upcoming priorities. Channel 4's Managing Director (Nations and Regions) has responsibility for overseeing Channel 4's sustainability work, supported by a dedicated Sustainability Manager. A steering group has been established to oversee work on the sustainability strategy, with working groups across multiple departments to track progress across key projects.

As outlined on page 161, the Channel 4 Board delegates monitoring of risk management, including risks relating to sustainability and climate change, to the Audit & Risk Committee. Our Business Assurance function reviews the effectiveness of risk management around the business and provides regular risk updates to the Committee, noting any emerging risks. Environmental sustainability was included as a key risk in 2020, but the major change in the national climate agenda and stakeholder expectations during 2021 has increased the prominence of this risk to Channel 4, as it has with all businesses over the last 12 months.

To support the business in achieving its ambitions, all departments need the knowledge and tools to integrate sustainability into working practices. Building on the success of training provided by 'albert' (see more details on page 161), this was updated in 2021 with an e-learning module specific to Channel 4's objectives and asks. The 'How to go net zero' module is now a part of mandatory induction training for all new starters to establish the importance of action across all areas of the business, empowering individuals to consider sustainability across decision making.

Staff engagement in sustainability is supported by our dedicated employee resource group 4Earth, who provide feedback on the direction of the sustainability strategy, support initiatives and promote positive climate action for individuals.

4Earth

Established in 2019, 4Earth is an employee resource group of environmental champions who gather to inspire change and put in place positive action for the planet at Channel 4. In 2021, this network grew to 200+ members spanning the business. In the last year, engagements have included online Q&As, workshops and cross-ERG collaborative events, each one reaching a diverse demographic of 50-100 Channel 4 employees. On Earth Day, 4Earth organised an online discussion for Channel 4 staff on the theme of Climate Justice featuring Krishnan Guru-Murthy and collaborated on a version of the same panel at the Climate Conference COP26 in Glasgow. 4Earth Chairs attended COP26 and reported back to the business on key themes and speakers. In October, 4Earth Chairs completed social media training and set up 4Earth social media accounts on Twitter and Instagram, attracting thousands of followers and significantly increasing the reach of the network.

People and corporate social responsibility (continued)

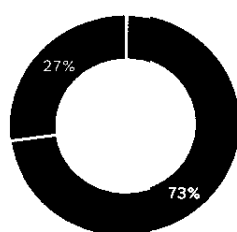
Streamlined Energy and Carbon Report

Channel Four Television Corporation is a 'large unquoted company' under the Streamlined Energy and Carbon Reporting ('SECR') regulations, so must report annually on greenhouse gas emissions from Scope 1 and 2 Electricity, Gas and Transport.

UK Carbon Footprint Data 2020–2021¹

Scope	Description	Specific fuels		tCO ₂ e	
				2021	2020
Scope 1	Combustion of fuel on site and transportation	On site: natural gas, diesel	Location-based	325	150
			Market-based	1	87
Scope 2	Purchased energy	Electricity	Location-based	849	766
			Market-based	–	16
Scope 3	Indirect emissions	Employee business mileage, upstream leased assets	Location-based	143	N/A ²
			Market-based	78	N/A ²
Total		Location-based Market-based		1,317 79	916 103
Intensity ratio	tCO ₂ e / £1m turnover	Location-based Market-based		1.131 0.067	1.318 0.602
Energy usage	Total kWh consumed	Electricity, natural gas, gas oil, petrol, diesel, unknown vehicle fuel		6,466,120	4,079,370
	Renewable %	Electricity		94%	98%
		Biogas		95%	43%
Outside of scopes	Biofuels	Biogas		368	N/A

Emissions detail by fuel type location-based method



- Electricity ■ Natural gas ■ LPG
- F-Gas ■ Diesel ■ Petrol vehicles
- Hybrid vehicles ■ Unknown fuel vehicles

Statement of exclusions

Communal electricity and gas consumption at the GSN (Channel 4 subsidiary) office is excluded, as data was not obtainable from the landlord, and employee business mileage is excluded where these have been booked directly outside of corporate arrangements.

1 Methodology

The reporting period is the most recent financial year 01/01/2021 to 31/12/2021. This report has been compiled in line with the March 2019 BEIS 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance', and the EMA methodology for SECR Reporting. All measured emissions from activities over which the organisation has financial control are included, as required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, unless otherwise stated in the exclusions statement. The carbon figures have been calculated using the BEIS 2021 carbon conversion factors for all fuels, other than the market-based electricity and gas which has been taken from EDF, Total Energies, E.ON, OPUS and Unify as the UK suppliers.

2 Not reported in 2020

People and corporate social responsibility (continued)

Year-on-year emissions changes

The quantity and quality of our operational data available to Channel 4 in assessing its carbon footprint is evolving over time, and improved data is a focus in the organisation's sustainability activities for 2022. As better data becomes available this is incorporated into our reporting, but in consequence year-on-year reporting may not be directly comparable – further exacerbated by the impact of Covid on factors such as building occupancy which have contributed to significant movements versus 2020. The further information below has been provided to give context to the year-on-year changes and clarify the drivers behind these.

Scope	Description	2021	2020	Commentary
Scope 1, 2 & 3	Total location-based emissions ¹	1,317tCO ₂ e	916tCO ₂ e ^{2,3}	Total location-based emissions have increased 44% year-on-year when directly comparing these emissions with categories that were reported in 2020 (i.e. Scope 1 and 2 only). The increase in these emissions relates to higher building occupancy in the year as outlined under 'Natural gas consumption' and 'Electricity consumption' below.
Scope 1, 2 & 3	Total market-based emissions ¹	79tCO ₂ e	103tCO ₂ e	Market-based emissions have decreased 25% year-on-year when directly comparing Channel 4's market-based emissions in 2021 with emissions categories that were reported in 2020. The reduction has primarily been caused by landlord sites switching to REGO backed renewable electricity tariffs for the full year. The landlords at the Manchester office also switched to a RGGO backed green gas contract.
Scope 3	Employee business mileage	3tCO ₂ e	1tCO ₂ e	Channel 4's emissions associated with employee business mileage have been reclassified as Scope 3 employee business mileage in 2021 (having been classified as Scope 1 in 2020), as Channel 4 does not have financial control over the assets.
Energy usage	Natural gas consumption	1,942,467kWh	785,296kWh	<p>Natural gas consumption increased in 2021, resulting in an emissions increase of 212tCO₂e associated with natural gas consumption when using the location-based method. 95% of Channel 4's gas was procured through RGGO green gas contracts.</p> <p>The increase in natural gas and electricity consumption has been due to increased building occupancy in 2021, in comparison with 2020 when buildings were closed due to Covid-19 lockdowns, enabling Channel 4 to make significant savings in its market-based emissions.</p>
Energy usage	Electricity consumption	4,511,815kWh	3,285,334kWh	<p>Channel 4's electricity consumption increased by 37% year-on-year. The location-based emissions associated electricity consumption increased from 766tCO₂e to 958tCO₂e as a result. In 2021, 94% of Channel 4's electricity consumption was procured through REGO backed renewable electricity contracts.</p> <p>As for natural gas (above), the increase in electricity consumption has been due to increased building occupancy in 2021, in comparison with 2020 when buildings were closed due to Covid-19 lockdowns, enabling Channel 4 to make significant savings in its market-based emissions.</p>
Outside of scopes	Biofuels	368tCO ₂ e	N/A	According to the GHG Protocol and Green Gas Certificate Scheme, the biogenic emissions associated with biofuels can be classified as carbon neutral when reporting Scopes 1 to 3. Biogenic emissions refer to the CO ₂ that has been sequestered during the production of a biofuel, then re-released into the atmosphere upon their combustion. For full disclosure, the GHG Protocol and Green Gas Certificate Scheme recommend that companies disclose biogenic emissions separately, as 'outside of scopes'.

1 The location-based method involves using an average emission factor that relates to the grid on which energy consumption occurs. The market-based method must be applied if the company has operations in any markets where energy certificates or supplier-specific information are available, and involves using an emission factor that is specific to the electricity purchased.

2 The Scope 1 natural gas number originally reported in the 2020 Annual Report (460tCO₂e) has been restated in 2021 to 144tCO₂e, due to an error in a conversion factor applied in the 2020 report. This has had repercussions on the Scope 1 location-based and total location-based figures for 2020. The number has been further restated in 2021 to split this into location-based and market-based emissions where this was previously presented in aggregate.

3 Channel 4's emissions associated with electricity and gas consumption at landlord sites and in communal areas were presented as Scope 1 emissions in 2020, but have been reclassified as Scope 3 upstream leased assets in 2021 as Channel 4 does not have financial control over the assets.

People and corporate social responsibility (continued)

Scope 3 emissions

We have completed an initial assessment of our Scope 3 emissions, which makes up the largest part of our carbon footprint (98%). As a result, we have identified the priority areas within our supply chain on which to act. We will engage with key suppliers, gaining a clearer understanding of their carbon emissions through primary data collection, and will work collaboratively to reduce them. In subsequent years we aim to increase reporting across Scope 3 categories in this Annual Report as data collection improves.

Energy efficiency actions taken

The continuation of Covid-19 restrictions in 2021 resulted in some of our office spaces being closed for part of the year, or only open for a reduced number of people for most of the year whilst the work from home government directive and social distancing within the workplace were in place. Where possible, building and office plant and equipment was adjusted to suit occupancy; however, to comply with HVAC industry guidelines for ventilation this resulted in running equipment for longer in order to achieve ambient temperatures on office floors, and to heat/cool fresh air coming in from outside, as opposed to recirculating already heated/cooled air for better operable efficiency. To assist with meeting Covid-19 guidelines on office ventilation, we installed an Indoor Air Quality system across all offices in October 2021. Although not specifically tied to energy efficiency, it will help to identify any areas where equipment may not be working as designed.

Fit-out of our new National HQ in Leeds started in early 2021, with staff occupation from July 2021. With full responsibility for installing our own mechanical and electrical plant to serve our floors, Channel 4 were able to choose the most energy efficient options available, including a ventilation system with mechanical heat reclaim units, LED lighting and passive infrared sensor ('PIR') lighting control, with the fit-out achieving the highest available SKA rating of Gold.

In November 2021, LED lighting was installed in the London office garden which will reduce energy consumption going forward.

To assist with future energy reduction initiatives, a smart building platform was installed in our London office in September 2021. This monitors and analyses the building's systems and performance in real time, and identifies opportunities to reduce the building's energy footprint. We will see the benefit of this system through 2022 by implementing optimal use and maintenance strategies throughout the building.

Waste

Channel 4 works with waste management companies to ensure that all waste is diverted from landfill wherever possible. Dry recyclables such as paper, cardboard, plastic, metal and glass containers are sent to a material recovery facility; general waste (non-recyclable) such as crisp packets, plastic bags, some types of plastic, laminated foil packaging, cutlery and soiled food containers are converted into energy (refuse-derived fuel). Channel 4 has also committed to reducing paper usage across the business, including no longer buying paper newspapers or magazines for office use where possible.

Channel 4 produced a total of 35.98 tonnes of general office waste in 2021, which is a reduction to the 37 tonnes in 2020 and attributed to the minimal occupancy levels in all offices throughout the year due to the Covid-19 pandemic. Overall, 74.29% of the waste generated in 2021 was recycled (74.11% in 2020), 25.74% that could not be recycled was converted to produce energy (25.22% in 2020) with 0% going to landfill (0.67% in 2020).

Split between our offices in 2021

	Total (Tonnes)	Mixed recycling (Tonnes)	Waste to energy (Tonnes)	Waste to landfill (Tonnes)
Bristol ¹	0.477	0.477	0.000	0.000
Glasgow	2.118	1.005	1.113	0.000
Leeds ¹	0.213	0.213	0.000	0.000
London	32.401	24.246	8.155	0.000
Manchester ¹	0.789	0.789	0.000	0.000
	35.998	26.730	9.268	0.000

¹ Figures for Bristol, Leeds and Manchester exclude general waste as this is managed by the respective landlords and Channel 4-specific figures were unavailable at time of report submission.

In addition to the above, we also have a waste stream to manage the paper cups used for hot drinks. Paper cups contain an inner polyethylene layer to stop the rest of the material from getting soggy. Simply Waste ensures that these are sent to a reprocessing facility that can separate the plastic film from the paper, thereby allowing material recovery and recycling into new paper products. Channel 4 sent 408kg of paper cups to Simply Waste for processing in 2021. We offer an incentive to our staff to use mugs/reusable cups to avoid the use of paper cups; however, as a result of Covid safety measures implemented in our offices, usage of paper cups in 2021 was increased due to removing multi-touch cleaning points that would otherwise exist with reusable mugs.

Electrical waste (under the Waste Electrical and Electronic Equipment Directive ('WEEE Directive')) is managed separately by specialist contractors and documentation is provided to certify that items have been disposed of in the correct manner. These figures are not included in the table above.

In 2021, building project-related waste across all offices was 36.95 tonnes, all of which was diverted from landfill.

Water

We have continued to monitor our water consumption in 2021. As Covid-19 restrictions eased during periods of 2021 and building occupancy increased, water consumption of our London office was up 48% on 2020 figures, however down 43% compared to 2019 and pre-Covid-19 levels. Although demand-led, Channel 4 is committed to ensuring water consumption is kept to a minimum and will continue to ensure it remains as efficient as possible.

People and corporate social responsibility (continued)

Business travel

We use virtual meetings as much as possible and only travel if there is a business need. Whilst many of our staff worked from home for the majority of 2021, we did see travel, particularly domestic, increase when restrictions eased. In line with our policy per the 2020 Sustainability Roadmap, 2021 business travel emissions will be offset with carbon credits verified in accordance with Verified Carbon Standards and Climate, Community and Biodiversity Standards.

Looking forward, we'll avoid taking flights within the UK where possible and offset journeys that are deemed business critical. Subject to Covid-19, safety measures or disability requirements, local business travel will be by public transport rather than taxi where possible. This approach has been communicated to all employees.

Who we work with – our suppliers

As a publisher-broadcaster which commissions all its programming from the independent production industry, a large portion of our Scope 3 emissions come from the production of programmes aired on our channels. Channel 4 requires all productions to use the 'albert' calculator (see further detail below) to measure their carbon footprint and, from 1 March 2022, will expect all production companies to obtain 'albert' sustainable production certification to additionally offset their emissions.

'albert'

'albert' is a BAFTA-owned and industry-backed organisation supporting the film and TV industry to understand the opportunity and create positive environmental change by:

1. Enabling every part of the screen industry to eliminate waste and carbon emissions from production
2. Empowering the industry to create content strategies that support a vision for a sustainable future

albert provides tools and training to all screen industry professionals to help identify and act upon opportunities on and off screen which can lead to effective climate action. Channel 4 is an active member of the albert Directorate, Consortium and working groups.

To gain a better understanding of emissions with upstream and downstream suppliers, we will be asking priority suppliers to disclose their carbon data. This primary data will help build a more accurate picture of key industries and partners to collaborate on reductions.

Case study – Fruitful Office

Between October and December 2021, 456 trees were planted by our fruit supplier in conjunction with UK charity Ripple Africa (one tree for every fruit basket purchased). Ripple Africa carries out large-scale environmental projects as well as small-scale initiatives in the fields of education and health. They inspire and empower communities to achieve a sustainable future. With this tree-planting campaign, our fruit supplier is working together to help mitigate the effects of deforestation and offset CO₂ emissions. This project is one of the largest and most successful tree-planting projects in Malawi and provides a long-term solution to combat deforestation in Africa.

What we showcase – our content

As a broadcaster we know we can inspire change through our content, raise awareness of the importance of climate change and promote behaviours that can have a positive impact on our planet. Our commissioning teams seek to incorporate sustainability matters into a wide range of content as well as dedicated 'green' programming. In 2021, Channel 4 broadcast its 'Climate Matters' season ahead of COP26; this collection of entertaining and irreverent programming included *Arctic Drift: A Year in the Ice*, *Celebrity Trash Monsters*, *How We Forgot To Save the Planet* and *Joe Lycett vs The Oil Giant*. These have added to the permanent collection on All 4 of sustainability-focused programming.

In an industry first, Channel 4 and 11 other broadcasters and streamers signed up to The Climate Content Pledge. Collectively, we represent over 70% of time UK audiences spend watching TV and film and are committing to using our content to help audiences understand what tackling climate change might mean for them, as well as inspiring and informing sustainable choices.

As members of the screen industry, we have a crucial responsibility to help our audiences engage with these challenges. Therefore, we commit to the following principles:

- We will reach more of our audiences with content that helps everyone understand and navigate the path to net zero, and inspires them to make greener choices
- We will develop processes that help us to consider climate themes when we are commissioning, developing and producing content
- We will ensure that our efforts are informed by the science
- We will recognise the importance of fair and balanced representations of visions for a sustainable future
- We will work together: learning from and inspiring each other, sharing relevant industry and audience insights and developing relevant metrics, improving how we measure our impact
- We will communicate regularly with our colleagues, partners and audiences so that we can all play our part in meeting this shared challenge

These overarching principles are the foundation of our commitment – in addition, we will develop and publish our own 'company-specific commitment'. We'll revisit this every year, to review progress against our plans and challenge ourselves and each other to do more.

During COP26, Channel 4 collaborated with BAFTA 'albert' and UK broadcasters on a series of live events, demonstrating the unique power of television in raising awareness of climate change across its genres – from News and Factual to Sport and the Soaps. A total of seven panel events took place as part of the official COP26 Green Zone programme and on the fringe of the global climate conference. These showcased the collective work of UK broadcasters over the past decade in reducing our environmental impact and producing content addressing the climate challenges we face.

People and corporate social responsibility (continued)

How we do business – our partnerships and investments

Our partnerships and investments provide an important opportunity to ensure our values and commitments to the environment are integrated into our wider business activities, including Channel 4 Ventures, the Indie Growth Fund and our own pension funds. Channel 4 are active members of the Ad Net Zero Steering Group, committed to its aims to reduce the carbon impact of developing, producing and running advertising to real net zero by the end of 2030 and commit to make practical changes in the way advertising operations are run.

We take environmental credentials into account when investing in Indie Growth Fund companies and require all of the Fund's investees to have, or be working towards, 'albert' accreditation. We also consider the sustainability credentials of all proposed investee companies when making investment decisions. During 2021, Channel 4 Ventures made its first specifically climate-focused investment in Clim8 Invest – an investment platform for consumers to make a positive impact on climate change. From 1 January 2022, all new joiners will be in an ESG integrated pension fund; existing employees will be given the opportunity to switch their investments to an ESG fund during 2022.

Case study – TENZING

In 2021, the extended partnership between Channel 4 and soft drink brand TENZING set a new precedent for delivering on commercial and sustainability values. The pioneering initiative saw TENZING plant 4,000 trees in their forest with their partners Ecologi, Future Forest Company and Protect Earth, on behalf of Channel 4. Half the trees were planted in Scotland and half in the South West of England, reflecting our Nations and Regions focus. TENZING also made our 250-person 4Sales team carbon neutral by offsetting the average yearly carbon footprint of a person in the UK (8.4t of CO₂e per person per year). This gold standard offsetting project, delivered through Ecologi, funded a wind energy project in the state of Karnataka in India, near to where TENZING farm their green coffee beans, installing ten wind turbines which will generate 47,829 MWh of clean, renewable energy each year.

Climate-related Financial Disclosures

Channel 4 recognises the scale of the climate emergency, the risk it poses to the business and the need to integrate mitigating actions into all areas of our operations. Reporting aligned with the requirements of the Task Force on Climate-related Financial Disclosures ('TCFD') is expected to become mandatory for Channel 4 for the year ended 31 December 2023. However, given the importance of this area, Channel 4 aims to evolve its climate-related disclosures ahead of that deadline, with our progress to date and planned action outlined below.

Roadmap to TCFD

Progress to date

Governance disclose the organisation's governance around climate-related risks and opportunities	Strategy disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning	Risk management disclose how the organisation identifies, assesses and manages climate-related risks	Metrics and targets disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities
<ul style="list-style-type: none"> – Sustainability updates reported to Board and Executive team during 2021 – Sustainability Roadmap steering group established – Responsibility delegated to an appointed member of the Executive team, with a dedicated Sustainability Manager in place – Roadmap supported by departments across the channel 	<ul style="list-style-type: none"> – Sustainability Roadmap launched in 2020 to formalise our strategy, which is reviewed annually – Signed up to industry Climate Content Pledge, embedding sustainability into commissioning activity – Agreed new ESG-compliant revolving credit facility coming into effect in 2023 	<ul style="list-style-type: none"> – Channel 4's approach to sustainability is identified and monitored as one of our principal risks – with a particular focus at present on meeting stakeholder expectations, for which a range of mitigating activities are in place (see Risk Management on page 161) – Enterprise-level climate risk incorporated into main Enterprise Risk Management process, with regular updates presented to Audit & Risk Committee 	<ul style="list-style-type: none"> – Commitment made in 2020 to becoming carbon net zero with a pathway to achieving this by 2030 – Emissions targets drafted for external approval under the Science-Based Targets initiative – Scope 1 emissions monitored and disclosed on page 161 – 'albert' calculator in use on all productions – Detailed assessment of our supply chain underway to facilitate Scope 3 reporting

People and corporate social responsibility (continued)

Planned for 2022 and 2023

Governance	Strategy	Risk management	Metrics and targets
<ul style="list-style-type: none"> – Launch of dedicated TCFD steering group – TCFD and other sustainability workstreams to be monitored as part of wider project governance framework – Updates to Audit & Risk Committee on roadmap to full disclosure 	<ul style="list-style-type: none"> – Embed climate risk and resilience into our regular financial planning processes and business decision making 	<ul style="list-style-type: none"> – Expand our existing risk analysis to focus on quantitative, rather than just qualitative, risk 	<ul style="list-style-type: none"> – Formalise targets through work with Science-Based Targets initiative – Implement supplier sustainability assessments and monitoring – Additional Scope 3 emissions to be disclosed from 2022

As stated on page 173, the Group voluntarily reports in line with the Financial Conduct Authority's Listing Rules where applicable as a Statutory Corporation, and discloses any departures from this approach. Alignment with TCFD for premium listed companies came into force under the Listing Rules for financial years beginning on or after 1 January 2021. We have opted not to adopt the guidance applicable to premium listed businesses in full at this stage while Channel 4's reporting around climate risk is still evolving, but have plans in place to provide expanded disclosure in our 2022 Annual Report ahead of mandatory alignment in 2023.

Risk management

How we manage risk

The Board is accountable for identifying the principal risks facing the Corporation, including those with the potential to impact the execution of our strategy, performance of day-to-day operations, the delivery of our remit and the maintenance of our brand and reputation. On behalf of the Board, the Audit & Risk Committee monitors the effectiveness of the risk management process, as illustrated overleaf.

The pursuit of new opportunities is essential to the delivery of our strategic objectives and to fulfilling our remit. Effective risk management is about striking the right balance between risk and opportunity; making risk-informed decisions is something we do every day. We have a high appetite for creative risk-taking, which could give rise to controversial content. However, this is balanced by a very low appetite for compliance risk, and low appetite for operational risk. This is reflected in our governance framework, which comprises policies, procedures, defined roles and responsibilities and monitoring.

The principal risks to our business are discussed regularly by our Executive management team and relevant topics are included on the agenda of Board and committee meetings throughout the year. Business Assurance provides updates to the Audit & Risk Committee at each meeting and annually to the Board. Through these discussions, consideration is given to whether the mitigating activities in place are sufficient to manage the risks within Channel 4's risk tolerance.

Covid-19 remained a significant area of focus throughout 2021. In our content supply chain, Covid-19 filming protocols remained materially unchanged despite the loosening of restrictions in everyday life as the year progressed. Elsewhere in our business, we saw a re-introduction of a number of control measures in the latter stages of the year following the emergence and rapid spread of the Omicron variant. We responded quickly and our business operations proved resilient as we continued to follow risk mitigations implemented earlier in the pandemic, prioritising the health and wellbeing of our people.

The advertising sales market also proved to be resilient to the impacts of Covid-19, with advertisers recognising the value of brand advertising, including a number who were new to television.

During 2021, and into 2022, we increased our focus on emerging risks, identified through monitoring external and internal news, events and developments. We also explored the interconnectivity between our risks (see page 163). While living and working with Covid-19 became the 'new normal', a number of other risks emerged or became more prominent during 2021.

In July, the government launched a public consultation into the future ownership of Channel 4, increasing our focus on potential risks, opportunities and uncertainties in relation to government policy and the ongoing media regulation reviews. We engaged fully in this consultation. In April 2022, the Government published a White Paper in which it set out its intention to proceed with a change of ownership for Channel 4. This inevitably has implications for our business in terms of risks and opportunities. We continue to engage with government and to focus on the delivery of our remit.

We were dramatically impacted by a significant failure at one of our key technology suppliers, Red Bee Media, in September which caused major disruption to our linear channels, VoD platforms and access services. This event has redoubled our focus on the risks around our partners' business resilience and our own disaster recovery and we have a significant programme around this in 2022, working alongside third-party experts.

Whilst the importance of environmental sustainability was already recognised within our key risks, 2021 saw a shift change in the national climate agenda with the announcement of new regulatory requirements for climate-related financial disclosures, as well as media companies collectively committing to the Climate Content Pledge at COP26. As stakeholder expectations grow, our sustainability strategy has become even more important.

We also continued to strengthen our cyber risk mitigations in response to the perpetual evolution of cyber threats and the current global political situation, and to further develop our programme management capabilities to help us manage risks associated with the successful delivery of our Future4 strategy.

The risk environment in which we operate is continuously developing. Following a full refresh of our key risks in 2020, in 2021 we continued to monitor our risk profile, challenging our understanding of key risks and engaging with stakeholders to ensure that the management of evolving risks, such as cyber and environmental sustainability, keeps pace. We broadened the scope of two risks to better reflect the threat facing our business both now and looking ahead. In recent years, our financial risk focus has been on the potential for economic uncertainty to negatively impact advertising revenues. With inflation having risen in recent months and a global political crisis with regard to Russia's invasion of Ukraine, a wider set of economic considerations may now impact our financial outlook. We have also taken learnings from the disruption to our TV broadcast and VoD services in the latter part of 2021, broadening our consideration of business disruption risk to incorporate a wider set of business-critical processes.

Changes to our key risks have been reviewed and approved by Executive management, the Audit & Risk Committee and the Board.

The Board

Delegates
responsibility

- Risk management leadership
- Sets strategic objectives and risk appetite
- Accountable for maintaining sound risk management and internal control systems
- Monitors performance

Audit & Risk Committee

- Delegated responsibility from the Board to oversee risk management and internal controls
- Reviews the effectiveness of the Group's internal control and risk management processes
- Monitors the role and effectiveness of Business Assurance and the external auditor, and their independence

Reports four
times annually
to the Audit &
Risk Committee

Executive Members

- Delegated responsibility from the Board for the operation of systems of risk management and internal control
- Support and help assess risk
- Encourage open communication on risk matters
- Monitor performance
- Assess materiality of risks in context of the Group as a whole
- Monitor controls and mitigating activities
- Facilitate sharing of risk management information and best practices across the Group

Executive Team Committees

- Comprised of commercial, operational and creative Executive team committees
- Define risk management roles at operational and project levels
- Use risk as an explicit part of decision-making and management of external relationships
- Continuous risk identification, self-assessment and assurance




















Business Assurance

- Independently reviews the effectiveness of the Group's risk management and internal control processes
- Monitors and validates actions taken by management

Reviews the output of these groups and reports back to the Audit & Risk Committee











ement policies

Risk management (continued)

















Key ¹	Purpose	Vision pillars	Strategic pillars
	 Create change through entertainment	 Represent unheard voices  Challenge with purpose  Reinvent entertainment	 Content  Viewers  Commercial  Partnerships
Risks and uncertainties			
Risk and potential impact	Link to purpose, vision and strategic pillars		Risk movement
Strategic risks			
1. Content and audiences There is a risk that we don't deliver to audiences the relevant, engaging and diverse content they want to watch, in the places they want to watch it. Competition for high-quality content and talent that is representative of the whole of the UK remains high, from both traditional broadcasters and new digital entrants. There is a risk that price inflation impacts our ability to secure the best content, or that the decision to proceed with a change of ownership for Channel 4 impacts our competitiveness. There is also a risk that we don't understand our audiences sufficiently to ensure that our content remains relevant. (While Covid-19 continues to have some influence on our supply chain, including the cost of maintaining filming protocols, we expect that this will unwind over time.) Against the backdrop of digital disruption, there is a risk that we don't adapt our digital, social and distribution solutions with the pace and scale required to compensate for the decline in linear viewing, including investment in our VoD platform. If this were to occur, we may fail to achieve total 'time spent' (including streaming, linear SOCl and social engagement) of sufficient scale for Channel 4 to remain relevant in the face of competition. As this competition continues to increase, failure to market our brand and content – in all the places it is available – to the right audiences, via the right platforms, in a way that makes a connection, or to maintain prominence (see also Risk 5), could result in the underperformance of our content. In film, the Covid-19 pandemic instigated what appears to be a permanent shift away from the traditional 'theatrical first' distribution model. There is a risk that we fail to maximise audience reach (and associated returns) under new distribution models (such as earlier release via streaming services), or to leverage new opportunities.	    	<ul style="list-style-type: none">• Good progress made against our target to double All 4 viewing by 2025, see p20• Continue to evolve how we commission, schedule, plan and develop programmes, and how we sell and market them, to be more viewer-centric and digital first• Continue to invest more in youth-skewing content to drive digital viewing, using deeper audience insights to find shows that drive streaming• Global Format Fund in place to invest in new content formats with global potential• Covid filming protocols in place as required at independent production companies to allow filming to continue safely during the pandemic• Development of marketing initiatives, such as Altogether Different, to highlight our unique public service remit and strengthen brand recognition• Audience segmentation approach in place and '4' rebrand in progress• Enhance data capabilities by developing and implementing an organisation-wide data strategy and roadmap• Further develop personalisation features on All 4, including smarter recommendations• Scale up 4Studio to produce more original shorts and grow branded digital entertainment• Build on current partnership network and forge new arrangements to reach the right audiences	
2. Maintaining editorial standards While challenging with purpose, innovation and risk-taking are central to our vision, culture and values, we take very seriously the need to uphold our editorial standards. A breakdown in those standards, for example relating to impartiality in news, a failure of contributor care or a breach of viewer trust, could be severely damaging to Channel 4's reputation and could result in significant penalties.	   	<ul style="list-style-type: none">• Established legal and compliance framework in place, including policies, procedures, training and monitoring, with an online training module accessible to independent producers and freelancers• 'Referral up' process in place to manage decisions in relation to editorial standards• Proactive engagement with consultations by independent bodies relating to editorial standards and codes of practice• Production companies required to adhere to our robust contributor care standards on all relevant productions	

¹ The purpose, vision and strategic pillars set out in our Future4 strategy are outlined on pages 20 and 21





Risk management (continued)

Risk and potential impact	Link to purpose, vision and strategic pillars	Mitigating activities	Risk movement
<p>3. Our relationship with the independent production community</p> <p>In line with our remit, we provide high-quality programming that is innovative, experimental and creative, that appeals to the tastes and interests of a culturally diverse society, and that exhibits a distinctive character. In supporting creative talent, we place particular focus on people at the beginning of their careers and those making innovative content and films. We also need to make commercially successful content to fund our activities. There is a risk that we don't deliver enough of each and that, due to the limited financial resources available to us, we can't fund everything we would want to or move fast enough in support of the creative community. There is also a risk that, over time, the decision to change Channel 4's ownership impacts our ability to effectively support creative talent.</p> <p>Achievement of our Nations and Regions commissioning targets may not be sustained if the work we do to help develop experienced independent production companies outside of London is insufficient or ineffective, or if we don't continue to drive our Nations and Regions agenda in support of 'levelling-up'.</p> <p>There is a risk that the welfare of people working on productions for Channel 4 might not always be properly considered and supported.</p>	    	<ul style="list-style-type: none"> • Initiatives in place to support new and diverse talent, such as the Diverse Indies Fund • Black to Front Project aired in September 2021, with further commitments in place to drive lasting change • Introductory guides published to support indies when hiring, including and progressing disabled employees and freelancers • Annual Indie Survey undertaken, with latest survey showing an improvement in independent production companies' experience of working with Channel 4 • Indie Growth Fund focused on investing in companies in the Nations and Regions as well as digital and diverse businesses across the UK • Tracking of Nations and Regions commissioning spend • Greater commissioning decision-making authority based in our regional commissioning teams • 4Skills training and development strategy supercharged to create over 15,000 opportunities nationwide, with a particular focus on young people from disadvantaged socio-economic backgrounds • Production companies producing content for Channel 4 are required to comply with all applicable legislation. In addition, our Supplier Code of Conduct sets out minimum standards of behaviour for all those carrying out work for us, and companies are expected to have in place systems to enforce compliance with this. Contact details of our 'Speak Up' facility (or an equivalent) must be included by production companies on daily call sheets, providing an escalation route through which to report concerns of wrongdoing 	
<p>4. Financial outlook, including revenue</p> <p>With the majority of our income generated from advertising sales, future changes to the advertising market may impact our ability to sustain revenues.</p> <p>Although the advertising sales market has shown resilience following Covid-19 lockdowns, it remains the case that economic uncertainty could drive a decline in consumer and business confidence, leading to a reduction in advertising spend. Such uncertainty may be caused by the global political situation, including Russia's invasion of Ukraine. Our financial outlook is also influenced by high inflation in the UK economy, which is expected to drive increases in our cost base in areas such as salaries, content and operating expenses.</p> <p>Looking beyond macroeconomic factors, structural change in the advertising market continues, driven by changing viewer habits from linear to digital, particularly amongst young audiences, with an increasingly competitive landscape developing for digital advertising products. There is a risk that we don't innovate or evolve our advertising products with the pace and scale required to compete and to offset the anticipated linear revenue declines, or that we don't leverage the opportunities available to us to generate new revenues.</p> <p>There is also a risk that adverse regulatory change (e.g. planned introduction of HFSS food advertising restrictions and new restrictions on gambling advertising) could trigger acute falls in the total value of the linear TV and digital advertising market, impacting Channel 4's revenue generation.</p>	  	<ul style="list-style-type: none"> • On track for digital advertising to be at least 30% of total revenue and non-advertising to be at least 10% of total revenue by 2025, see page 20 • Continue to innovate core advertising proposition through data-driven targeting, including promoting and leveraging our 'bring your own data' BrandMatch offer • Continue to provide innovative creative opportunities for clients including ad-break takeovers, such as the Google/Taskmaster campaign, and branded social content, such as our project with Parisian fashion house Balmain during London Fashion Week • Scale our ad-free All 4+ proposition, Indie Growth Fund, Channel 4 Ventures and Global Format Fund further to deliver our target of 10% of total revenues from non-advertising by 2025 • Continue to engage in industry forums and relevant consultations on the evolution of advertising regulation • Routine monitoring and management of cash, investments and operating costs enabling us to respond to economic trends • Five-year revolving credit facility in place, renewed in March 2022 • Forecasting and financial monitoring processes and controls in place to ensure optimal management of P&L and cash position throughout the year, ensuring viability <p>See also our Viability Statement on page 165.</p>	

Risk management (continued)

Risk and potential impact	Link to purpose, vision and strategic pillars	Mitigating activities	Risk movement
<p>5. Government policy, media regulation and business environment</p> <p>Our public service remit is agreed by Parliament and enshrined in legislation. Changes to government policy and media regulation can present both risks and opportunities to Channel 4.</p> <p>The decision to proceed with a change of ownership for the channel will inevitably have an impact on our business; existing risks may be amplified or new risks may emerge, all of which must be managed as we continue to deliver on our remit.</p> <p>The government has announced its proposal to make wider changes to media sector regulation, including the role of PSBs and their governance, incorporating prominence rules.</p> <p>Changes to prominence rules present an opportunity, but there is also a risk that they do not do enough to adapt to the trend in digital media consumption. The current framework addresses PSB prominence for linear TV within the Electronic Programme Guide ('EPG') but does not ensure prominent display of the EPG itself on digital devices, nor does it consider video-on-demand players or other evolving digital technologies. The discoverability of our channels is key to the delivery of our remit and the generation of revenues.</p> <p>PSB regulation may also be impacted by post-Brexit trade deals with other countries, should the Audio-Visual sector be included.</p>	   	<ul style="list-style-type: none"> Engaged closely with the government's public consultation on the future ownership of Channel 4 Continued engagement with government following the decision to proceed with a change of ownership for Channel 4 and other changes to media regulation Maintaining effective relations and communications with government 	
<p>6. People, inclusion and organisational capability</p> <p>The environment within which we operate is competitive and continually evolving. There is a risk that we don't adapt the skills profile of our workforce to align with the priorities set out in our Future4 strategy (particularly digital capabilities) and that it doesn't keep pace over time. If our employer brand loses appeal, for example as a result of the decision to proceed with a change of ownership for the channel, or we fail to invest in and develop the right people at the right time, we may struggle to attract and/or retain talent in an increasingly competitive marketplace that includes global digital players.</p> <p>To successfully deliver on our remit to represent a culturally diverse society, we need diversity of thought within the organisation. If we do not truly embed inclusion within our working practices, including our commitment to anti-racism, we may fail to attract, motivate and retain a diverse workforce that will best support Channel 4 in its creative ambitions.</p>	    	<ul style="list-style-type: none"> Ongoing consideration of organisational capability, with a focus on leadership effectiveness and digital skills New performance management process in place, with greater focus on targets and alignment with our Future4 strategy Talent acquisition and retention considered by the Remuneration Committee when overseeing our pay and bonus strategy Talent development programmes in place Development of detailed succession plans for key roles to be expanded during 2022 Inclusion initiatives in place including the 4Inclusion Career Development Programme Regular monitoring of workforce diversity data against targets 	
<p>7. Business transformation</p> <p>To realise our Future4 strategy we continue to deliver against our multi-year business transformation programme, which is complex, interdependent and incorporates significant technology change. As with any large-scale transformation programme, there is execution risk. We may underestimate the complexity or cost of the work required, or we may lack the capability required to deliver the programme. As a result, the programme may fail to deliver the anticipated benefits within the planned timeframe, or the cost of doing so may exceed our expectations. This could impact our ability to compete in the digital space and to drive new revenues which, in turn, may impact the sustainability of our business.</p>	   	<ul style="list-style-type: none"> Programme governance framework in place, facilitated through our Enterprise Programme Management Office, including regular review of progress, costs, dependencies and risks Mechanism in place to identify and scope initiatives, enabling allocation of appropriate resource and support Strengthened programme management resource within the business, supported by tools and processes to facilitate business transformation delivery. Further improvements in progress, including enhancements to planning and benefits realisation monitoring 	

Risk management (continued)

Risk and potential impact	Link to purpose, vision and strategic pillars	Mitigating activities	Risk movement
<p>8. Environmental sustainability</p> <p>The government has committed that the UK will be 'net zero' on carbon emissions by 2050 and there is a responsibility on all businesses to reduce their carbon footprint in support of this. The government has also enhanced climate-related financial reporting regulations to improve the consistency and clarity of environmental sustainability disclosures across the UK economy.</p> <p>The great majority of our environmental impact is through content production, via the hundreds of independent producers we work with.</p> <p>There is a risk that our approach to environmental sustainability, both on and off screen, does not meet the increasing expectations of stakeholders, including government, regulators, audiences and suppliers, or that we lag behind other PSBs and UK broadcasters and filmmakers.</p>	 	<ul style="list-style-type: none"> Under the industry-wide Climate Content Pledge, we will use our content to help audiences better understand climate change and to highlight sustainable choices in a fair and balanced way, alongside developing processes to help put climate at the forefront of content decision making All our TV, film, 4Studio and 4Creative productions required to use the 'albert' sustainability calculator, with editorial guidance on how to make productions more sustainable provided to producers Mandatory 'albert' carbon literacy training for all employees Measures in place to reduce direct emissions, including purchasing renewable energy and controls over heating and lighting in our offices Sustainability credentials considered as part of investment decisions for our Indie Growth Fund and 4 Ventures Working with the advertising industry to develop environmental sustainability opportunities, including participation in the Advertising Association's Ad Net Zero initiative Environmental sustainability criteria under development to be used in our procurement processes for non-content suppliers and service providers Further development of our sustainability strategy and roadmap to support the business in defining and delivering against science-based targets and satisfying new financial reporting regulations such as TCFD 	
Operational risks			
<p>9. Significant disruption to critical business processes</p> <p>Our critical business processes are supported by complex technology chains, involving multiple third parties and legacy systems. There is a risk that our key IT systems lack resilience and/or that IT disaster recovery plans do not meet our business needs or are not adequately tested to provide assurance that they would function as expected if invoked. There is also a risk that operational business continuity plans are not effective for critical business processes, or that they are untested. Without robust plans in place, our ability to maintain business operations may be compromised in the event of a significant incident, including our ability to distribute VoD content, broadcast linear TV, generate advertising revenue and pay suppliers. In turn, this may impact our reputation and our ability to deliver against our remit. It may also result in penalties and significant remediation costs.</p>		<ul style="list-style-type: none"> Technology governance framework in place, including continuous monitoring and incident escalation protocols Business continuity and IT disaster recovery plans in place, including a backup broadcast location and remote working procedures, with insurance cover reviewed annually Crisis management structure and framework in place with proven effectiveness Project in progress to implement new broadcast and VoD-related systems and processes, providing improved resilience Third-party expert review of business resilience in progress 	

Risk management (continued)

Risk and potential impact	Link to purpose, vision and strategic pillars	Mitigating activities	Risk movement
<p>10. Cyber-attack or data breach</p> <p>With the growth of the digital economy, as well as geo-political uncertainty, cyber-attacks are rising globally and are becoming ever more sophisticated. Since the beginning of the Covid-19 pandemic there has been an increase in cyber activity in the world at large, including phishing attacks, as cyber-criminals have sought to take advantage of the disruption. Ransomware attacks now represent the biggest threat to online security for most UK businesses, with global incidents soaring over the past two years.</p> <p>At Channel 4 a significant cyber-attack could impact the availability and integrity of our systems and data, or the confidentiality of our data assets. This could include disruption to our customer-facing All 4 VoD platform or linear TV broadcast, as well as the operating systems used within the business. The delivery of our Future4 strategy (which will see our digital footprint grow) further increases the importance of cyber security at Channel 4.</p> <p>There is a risk that we fail to manage personal data in accordance with GDPR and other data protection legislation.</p> <p>In the event of a cyber-attack or other data breach, there is a risk of regulatory penalties including fines and other potentially costly enforcement actions, especially in the event of a personal data breach. Such an event may also result in reputational damage, including a breach of trust from stakeholders including DCMS, viewers and/or employees.</p>		<ul style="list-style-type: none"> Established in-house Information Security function, supported by third-party specialists Cyber security governance framework in place including policies, data management and security standards, and monitoring procedures that are regularly reviewed and updated to prevent and detect threats Monitoring of cyber risk intelligence, including liaison with the National Cyber Security Centre Mandatory cyber security training for all staff and communications to raise awareness of phishing attacks and payment fraud (especially during the Covid-19 pandemic) Data Governance Forum in place, as well as principles governing the use of data across Channel 4 (with a focus on viewer data) Additional payment controls implemented during Covid-19 Delivery of focused cyber awareness training sessions, including ransomware, facilitated by third-party experts 	▲
<p>11. Health, safety and security</p> <p>A significant physical security or health and safety incident could occur, including the risk of a serious accident or an act of terrorism resulting in injury or loss of life of employees, suppliers and/or visitors to our offices. This could result in business interruption, significant remediation costs and reputational damage.</p> <p>While Covid-19 has not gone away, the risk it presents to our people is, on the whole, receding. Nevertheless, the longer-term impact on mental health and wellbeing should not be underestimated.</p>		<ul style="list-style-type: none"> Health and safety policies and procedures in place, including risk assessments for high-risk deployments and insurance cover reviewed annually Ongoing security reviews conducted and monitoring of security intelligence Crisis management framework and business continuity plans and procedures in place Ongoing monitoring of Covid-19 government guidance with ways of working adapted as and when required Wellbeing support in place for our workforce as we increase the level of office working following the relaxation of Covid-19 restrictions 	▼

The risks listed do not comprise all those associated with Channel 4 and they are not presented in any order of priority. Additional risks and uncertainties not presently known to management, or currently assessed as less material, may also adversely affect the Corporation.

Risk management (continued)

Understanding the relationship between risks, causes and consequences

The environment in which our business operates is increasingly complex and interconnected through digitisation and globalisation, with change moving faster than ever before and competition and the decision to proceed with a change of ownership for Channel 4 bringing uncertainty. Our principal risks are also interconnected. Effective management of risk requires this interconnectivity to be understood, along with potential underlying causes and consequences. It is important that we consider our risks in a holistic manner, as mitigating actions taken to manage one risk can have a ripple effect on others.

For a number of our key risks, external factors contribute significantly to the potential likelihood of them materialising, such as competition and the macroeconomic environment. In some instances we will be able to reduce this likelihood but, where this isn't possible, our mitigating activities will focus on minimising the impact on Channel 4 should that risk occur. In determining what mitigating actions to take, understanding our tolerance for risk exposure is also key. Where our tolerance is low, we will again focus our attention on reducing the likelihood of the risk arising (for example, to reduce the likelihood that we experience a failure in editorial standards).

During 2021 we increased our emphasis on risk connectivity, and we plan to develop this further in 2022, along with more in-depth reviews of causes, consequences and tolerance. The graphic on page 164 provides an illustration of how some of our key risks are connected to one another, as well as how external factors play a role:

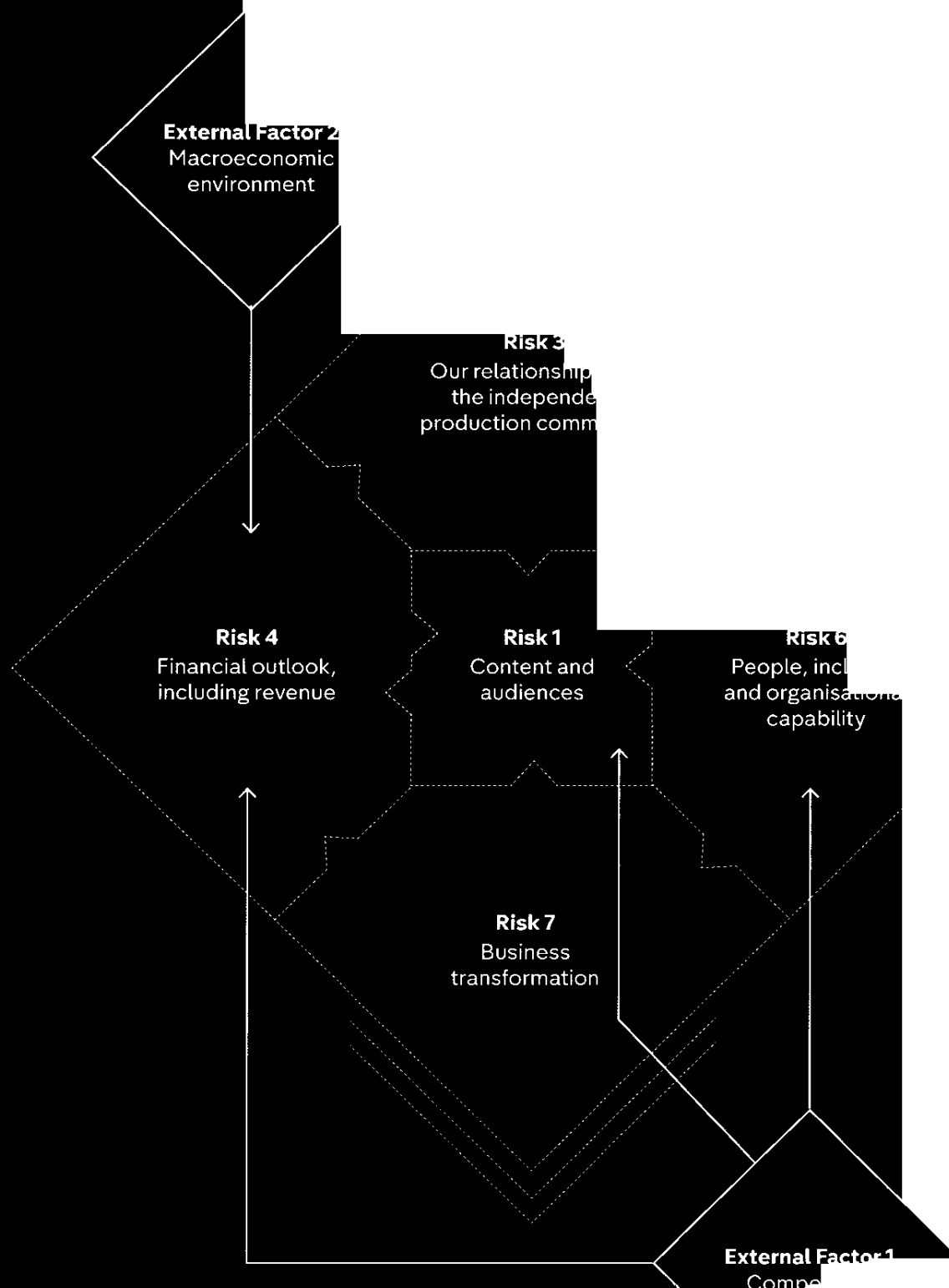
External factors:

- Competition within the media industry may create challenges for us in securing high-quality content that our audiences want to watch (Risk 1), or in recruiting and retaining the best talent (Risk 6), as we compete with both traditional broadcasters and global digital players. We may also face competition as we strive to increase our digital advertising presence, a key driver in mitigating the decline in linear revenues (Risk 4).
- The continual evolution of the macroeconomic environment will necessarily impact our financial outlook (Risk 4). With the UK currently facing the highest rate of inflation for a number of years, this creates new risks in relation to managing our cost base and maximising the return on our cash reserves.

Risk connectivity:

- If we're to provide audiences with the high-quality content they want to watch (Risk 1), deliver on our Future4 strategy (Risk 7), and help develop new talent in the external production sector (Risk 3) we are dependent on our workforce having the skills (including digital), creativity and diversity of thought to do this successfully (Risk 6).
- It is the successful transformation of our business (Risk 7) in a rapidly evolving digital world that will allow us to leverage opportunities in terms of content and how we reach our audiences (Risk 1), gain competitive advantage and ultimately allow our business to be sustainable both financially (Risk 4) and operationally.
- Being financially sustainable allows us to continue investing in creative talent within the independent production community (Risk 3) and in high-quality content that is innovative, experimental and creative (Risk 1). Successful programming creates a cyclical return on investment by driving advertising revenues (Risk 4).

Risk management
(continued)



Strategic and financial outlook and Viability Statement

Strategic and financial outlook for 2022

Our financial strategy requires balance, allowing for continuing delivery of our unique public service remit as well as the strategic investment in innovation which underpins our Future4 strategy, which will allow Channel 4 to remain commercially sustainable into the foreseeable future. This must be achieved while maintaining the Group's financial resilience to withstand economic shocks on the scale of those experienced during 2020, or a combination of significant risks materialising.

A second year running of record results has further reinforced the Group's balance sheet position, supporting our ability to withstand future economic risks to the business, as well as giving us the capacity for future investment. Reinvestment is framed by the Future4 strategy and clear decision-making parameters to ensure we appropriately reinvest surpluses as they arise, strengthening our position in the coming years.

Our Future4 strategy, announced in late 2020, is centred on ensuring that Channel 4 innovates and adapts to remain relevant as a destination for the next generation. As a foundation for our 2022 Budget and latest three-year plan, this strategy translates into accelerated investment in digital transformation (to support our target to double All 4 views by 2025), as well as scaling up revenue diversification. In the context of continuing viewer migration away from traditional platforms, a strategic emphasis on driving digital growth and diversifying non-advertising revenues ensures we are equipped to meet this challenge. Following the Government's White Paper published in April 2022, setting out its intention to proceed with the privatisation of Channel 4, management's focus remains on delivering the Future4 strategy and our public service remit.

As part of our 2022 Budget and three-year plan, we have considered the impact of several potential downside scenarios. These include a decline in the linear and digital advertising market beyond what we currently anticipate; a broader market shock in line with that experienced in 2020; or lower than expected benefits from implementing our Future4 strategy. Even in the most severe case considered (deemed plausible but beyond the worst-case scenario currently anticipated by management), analysis shows that our contingency plans, and our ability to dynamically manage spend and cash flows, would mitigate these impacts to ensure we retain sufficient liquidity and remain within our covenants. As noted in our principal risks on page 160, the Government's decision to proceed with a change of ownership for the Channel may amplify existing risks to the business or cause new risks to emerge. We have therefore also given specific consideration in our analysis to potential financial impacts of this process that may affect the Group's viability.

Our £75 million revolving credit facility increases our available liquidity if required, although even in the worst-case scenario considered in our analysis this additional funding would not be utilised. This facility was renewed in March 2022 and now runs until March 2027, ensuring access to this facility is available if required across the 12 months from the date of this report under consideration in assessing the Group's position as a going concern.

Our scenario analysis and the resources available to Channel 4 indicate that the Group will be able to continue to operate for at least 12 months from the date that this Annual Report is approved. Accordingly, the Group continues to adopt the going concern basis in preparing its financial statements – please see further detail on page 205. Further to this, the analysis indicates that the Group will be able to continue to operate over the horizon covered by the current three-year plan to the end of 2024.

Following a successful first year of embedding the Future4 strategy in our operations, the Members are confident that the key purpose this strategy outlines – of creating change through entertainment – allows Channel 4 both to continue delivering its remit and public service role, and to build a platform for future financial sustainability.

Viability Statement

In accordance with provision 31 of the UK Corporate Governance Code (the 'Code'), the Members have assessed the prospects of the Group over the three-year period to December 2024. This period was selected as this is the normal planning horizon in our strategic planning process.

The Members review the three-year strategy and financial plan annually, taking account of the Board's agreed risk appetite, the Corporation strategy, and the remit as mandated by legislation and the Ofcom broadcast licence awarded in January 2015. The plan makes certain assumptions, including TV advertising market growth and our share of that market, and is stress-tested annually for adverse market impacts and other principal risks to assess their impact on long-term revenues, profitability and cash flows. These principal risks include structural declines in the TV advertising market as well as broader economic declines, plus the risk that benefits anticipated from the implementation of the Group's new strategy are not achieved.

In their overall assessment of the viability of the Group, the Members have:

- reviewed the Group's strategic objectives and other key performance metrics; considered revenue, cost and cash flow forecasts and liquidity and financing requirements for the next three years, as well as its current financial position and cash resources;
- considered each of the principal risks and uncertainties set out on pages 156 to 164 and how they are managed;
- through the Audit & Risk Committee, assessed the Group's risk management framework and considered reports summarising Business Assurance work during the year;
- discussed the sensitivity of the Group's three-year plan to a combination of severe but plausible risks materialising;
- given specific consideration to potential risks to the business presented by the Government's decision to proceed with a change of ownership for Channel 4; and
- reviewed performance updates in the normal course of business that underpin the long-term strategy.

Although this assessment does not consider all of the risks the Group may face, the Members confirm that their assessment of the principal risks facing the Group was robust. Based on the results of their activities around principal risks and viability, the Members have a reasonable expectation that the Group will be able to continue to operate and meet its liabilities, as they fall due, over the three-year period of their assessment.

This report was approved by the Board on 4 May 2022 and signed on its behalf by

Sir Ian Cheshire
Chair
4 May 2022

The Channel 4 Board

Executive



Alex Mahon
Chief Executive

Responsibilities and skills:

Alex became the first female CEO of a major UK broadcaster when she joined Channel 4 in October 2017. Alex was CEO of global producers Shine Group, where she oversaw the build-and-buy strategy of building up 27 production labels over 12 international territories and was responsible for all content strategy, including the launch of global scripted divisions and the rollout of formats internationally, and then was CEO of Foundry, a global software provider.

Appointment to the Board:

30 October 2017

Term completion:

N/A

Committee membership:

Attends Remuneration and Audit & Risk Committee meetings but is not a member

Current external appointments

Non-executive director, **Chanel Inc.**

Member, **Creative Industries Council**

Previous roles:

Executive

CEO, **Foundry**

CEO, **Shine Group**

COO, **Talkback Thames**

Director of Commercial & Strategy, **Fremantle Media**

Non-executive

Deputy Chairman, **Foundry**

Senior Independent

Director, **Ocado plc**

Chair, **RTS Programme Awards**

Appeal Chair, **Scar Free Foundation**

Chair, **Bandstand**

Non-Executive Director, **Edinburgh International Television Festival**



Jonathan Allan
Chief Operating Officer

Responsibilities and skills:

Prior to joining Channel 4, Jonathan worked at major London media agency OMD UK, joining in 1995 and progressing to Managing Director in January 2007. In this role, he defined the agency's future direction and broadened its offer, expanding digital capability as well as launching marketing services, data planning and creative functions.

At Channel 4, Jonathan has transformed Channel 4 Sales into an industry leader in delivering commercial innovation by working with brands and agencies to adapt and evolve in the face of unprecedented technological advances.

Jonathan was Channel 4's Chief Commercial Officer until January 2020, following which he became the Chief Operating Officer for Channel 4.

Appointment to the Board:

13 September 2011

Term completion:

N/A

Committee membership:

Attends Remuneration and Audit & Risk Committee meetings but is not a member

Current external appointments:

Board Member, **Advertising Association**

Panel Member, **ASA**

Industry Advisory Panel

Previous roles:

Executive

Managing Director, **OMD UK**

Deputy Managing Director, **OMD UK**

TV Director, **OMD UK**

Non-executive

Board Member, **Thinkbox**



Ian Katz
Chief Content Officer

Responsibilities and skills:

Ian has overall responsibility for the creative output across Channel 4, its portfolio of channels and All 4. He leads the creative commissioning team to ensure Channel 4's unique remit to represent the whole country, challenge with purpose and reinvent entertainment is reflected in its programmes and content.

Under his leadership, the channel has earned a slew of awards for shows including *It's A Sin*, *End of the Fucking World*, *Help*, *The Big Narstie Show*, *Stath Lets Flats*, *Jade*, *For Sama*, *Brexit: The Uncivil War*, and *Leaving Neverland*.

Ian has a background in both broadcast and newspaper journalism and digital innovation.

He was editor of the BBC's flagship daily news and current affairs programme *Newsnight* from 2013 to 2017.

Previously he worked in a wide range of writing and editing roles at *The Guardian*, where as Deputy Editor and Head of News (2008–2013), he oversaw the groundbreaking WikiLeaks and phone-hacking investigations, as well as leading *The Guardian's* strategy to become a global leader on environment coverage. Ian was responsible for developing *The Guardian's* first website and played a central role in *The Guardian's* digital development over the subsequent 15 years.

Appointment to the Board:

8 January 2018

Term completion:

N/A

Committee membership:

None

Current external appointments:

None

Previous roles:

Executive

Editor, **BBC Newsnight**

Deputy Editor and Head of News, **The Guardian**

The Channel 4 Board (continued)

Non-Executive



Sir Ian Cheshire
Chair

Responsibilities and skills:

Sir Ian was Group Chief Executive of Kingfisher plc from January 2008 to early 2015. Before that he was Chief Executive of B&Q from 2005.

He is currently Chair of Spire Healthcare plc, Chair of the environmental investment trust Menhaden plc, and a non-executive director of BT plc. He is also Chair of the Prince of Wales Charitable Fund, and of the Mental Health at Work Leadership Council.

Sir Ian has also served as Chair of Barclays UK, the British Retail Consortium, Debenhams plc and Maisons Du Monde SA, and as Senior Independent Director at Whitbread plc.

In public service, he has led non-executive director at the Cabinet Office, he has chaired the Ecosystem Markets Task Force, the Economy Honours Committee and currently chairs the independent Food Farming and Countryside Commission. He has won a number of awards, including lifetime contributions to retailing, green business and the Fortune WEF award for leadership in the circular economy.

Sir Ian was knighted in the 2014 New Year Honours for services to business, sustainability and the environment and is a Chevalier of the Ordre National du Merite of France.

Appointment to the Board:
11 April 2022

Term completion:
10 April 2025

Committee membership:

No formal membership, but attends Audit & Risk and Remuneration Committee meetings

Current external appointments:

Chair, Spire Healthcare plc
Chair, Menhaden plc
Non-Executive Director, BT plc
Chair, Prince of Wales Charitable Fund
Chair, Mental Health at Work Leadership Council

Previous roles:

Non-executive
Chair, **Barclays UK**
Chair, **British Retail Consortium**
Chair, **Debenhams plc**
Chair, **Maisons Du Monde SA**
Senior Independent Director, **Whitbread plc**



Charles Gurassa
Former Chair

Responsibilities and skills:

Charles has 40 years' experience in management and senior Board roles in industries that have seen radical transformation, including travel, tourism, telecommunications and media.

He has also been Chairman and Non-Executive Director of significant commercial and social enterprises in many different sectors, from heritage and housing to environment and culture.

Appointment to the Board:
28 January 2016

Term completion:
27 January 2022

Committee membership:

Ethics Committee
No formal membership, but attended Audit & Risk and Remuneration Committee meetings

Current external appointments:

Chair, **Great Railway Journeys**
Chair, **Oxfam**
Chair, **Migration Museum**
Trustee, **English Heritage**

Previous roles:

Executive
Executive Chair, **TUI Northern Europe**
Director, **TUI AG**
Chief Executive, **Thomson Travel Group plc**
Director, **Passenger & Cargo business, British Airways**
Non-executive
Chair, **Genesis Housing Association, Virgin Mobile, LOVEFiLM, Phones4U, MACH, Tragus, Parthenon Entertainments, NetNames, Alamo/National Rent a Car**
Deputy Chair, **easyJet plc**
Deputy Chair, **The National Trust**
Senior Independent Director, **Merlin Entertainments plc**
Non-Executive Director, **Whitbread plc**
Trustee, **Whizz-Kidz**
Member, **Development Board of the University of York**



Lord Chris Holmes MBE
Deputy Chair

Responsibilities and skills:

Lord Holmes is a passionate advocate for the potential of technology and the benefits of diversity and inclusion. He is a member of the influential House of Lords Select Committee on Science and Technology and has previously co-authored House of Lords Select Committee Reports on Democracy and Digital Technologies, Intergenerational Fairness, Artificial Intelligence, Financial Exclusion, Social Mobility and Digital Skills. He has published a report, "Distributed Ledger Technologies for Public Good: leadership, collaboration and innovation" calling on the Government to look at the challenges and opportunities of this technology for improving public services. A progress update was published in November 2018. An ex-Paralympic swimmer, Chris won nine gold, five silvers and one bronze medal across four Games, including a record haul of six golds at Barcelona 1992.

Appointment to the Board:
5 December 2016

Term completion:
10 June 2024

Committee membership:

Remuneration Committee (Chair)

Current external appointments:

Director and sole shareholder, **CHConserve Ltd**
Director and sole shareholder, **CHedserve Ltd**
Co-Chair, **APPGs on Assistive Technology, FinTech, AI, Blockchain and 4IR**
Chancellor, **BPP University**
Advisor, **RTGS Global**
Advisor, **Boston Ltd**
Advisory Board Member, **Circular**
Previous roles:
Executive
Lawyer, **Ashurst**
Non-executive
Non-Executive Director, **Equality and Human Rights Commission**
Non-Executive Director, **UK Sport**
Member, **Select Committees on Digital Skills and Social Mobility, House of Lords**
Director, **Paralympic Integration at LOCOG**



Dawn Airey
Non-Executive

Responsibilities and skills:

Dawn's career includes roles as Chair and CEO of Channel 5, Managing Director of Channels and Services for BSkyB, Managing Director of Global Content at ITV and Senior Vice-President of Europe, Middle East and Africa at Yahoo. She is currently Chair of the National Youth Theatre, Barclays FA Women's Super League and FA Women's championship. Dawn acted as the Group's Interim Chair from January to April 2022.

Appointment to the Board:
6 December 2021

Term completion:
5 December 2024

Committee membership:

Remuneration Committee

Current external appointments:

Chair, **National Youth Theatre**
Chair, **Barclays FA Women's Super League**
Chair, **FA Women's championship**
Director, **Digital Theatre Group Limited**
Director, **Blackbird plc**,
Director, **Grosvenor Limited**
Vice President, **Royal Television Society**
Previous roles:
Executive
CEO, **Channel 5**
Non-executive
Chair, **Channel 5**
Non-executive Director, **Thomas Cook plc**
Non-executive Director, **Easyjet plc**
Board member, **The British Library**

The Channel 4 Board (continued)

Non-Executive



Tess Alps
Non-Executive

Responsibilities and skills:

Tess began her career in advertising, becoming the Sales Director of Yorkshire and Tyne-Tees TV, before joining global media agency PHD, as its Broadcast Director. At PHD, she ran various group companies, including those specialising in internet advertising, sponsorship, and econometrics, eventually becoming its UK Chair. She left PHD to set up Thinkbox, the marketing body for commercial television in the UK, spending 14 years there as its founding CEO and latterly as its Chair. Tess is currently a Council member of the Advertising Standards Authority.

Appointment to the Board:

6 December 2021

Term completion:

5 December 2024

Committee membership:

Remuneration Committee

Current external appointments:

Council Member, Advertising Standards Authority
Fellow, Royal Television Society

Previous roles:

Executive

Sales Director, YTV & TTTV

Director, PHD

Exec Chair, PHD

CEO, Thinkbox

Non-executive

Chair, Thinkbox



Paul Geddes
Non-Executive

Responsibilities and skills:

Paul is the CEO of QA, a digital education and skills provider, and was previously CEO of Direct Line Group, the insurance group and home of the Direct Line, Churchill, Privilege and Green Flag brands. Paul has built brands using the power of TV advertising throughout his 26-year career.

His marketing career began at Procter & Gamble and then retailing, before joining NatWest and RBS retail banking and then entering general management. From 2009 he took over RBS' insurance business and floated it as Direct Line Group in 2012.

Paul's experience of running mass-market, multi-site and increasingly digital consumer businesses in competitive and fast-changing markets, as well as helping organisations with their technical training and talent, is a valuable addition to the Channel 4 Board.

Appointment to the Board:

5 December 2016

Term completion:

5 December 2022

Committee membership:

Audit & Risk Committee

Current external appointments:

CEO, QA Limited

Director, QA Limited subsidiaries

Previous roles:

Executive

CEO of Direct Line Insurance Group plc

Director, Churchill Insurance Company Ltd

Director, DL Insurance Services Ltd

Director, UK Insurance Ltd

CEO, RBS Group mainland UK retail banking

Other senior roles in multi-channel retailing and marketing at companies including Kingfisher, GUS and Procter & Gamble

Non-executive

Deputy Chairman, Association of British Insurers

Director, Direct Line Group Ltd

Director, Direct Line Insurance Ltd

Director, Indemnity Insurance Ltd

Director, The National Insurance & Guarantee Corporate Ltd

Director, Protection Life Company Ltd



Roly Keating
Non-Executive

Responsibilities and skills:

Roly brings extensive experience of public service broadcasting from his work in programme-making, editorial and senior executive roles at the BBC. His current role at the British Library provides additional perspective from another cultural organisation within the DCMS group.

Appointment to the Board:

5 December 2016

Term completion:

5 December 2022

Committee membership:

Ethics and Remuneration Committees

Current external appointments:

Chief Executive, The British Library

Trustee, The British Library Trust

Trustee, American Trust for the British Library

Trustee, The Gilson Trust

Trustee, Friends of the National Libraries

Trustee, Clore Leadership Programme

Trustee, The Busby Trust

Director, Marine Cottages Residents Ltd

Previous roles:

Executive

Director of Archive Content, BBC

Controller, BBC Two and BBC Four

Controller, Arts Commissioning, BBC

Head of Programming, UKTV

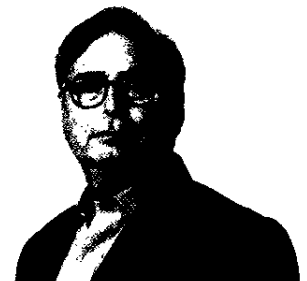
Non-executive

Trustee, Turner Contemporary

Board Member, Barbican Centre

Chair, Knowledge Quarter London Ltd

Chair, Conference of European National Librarians



David Kogan
Non-Executive

Responsibilities and skills:

David's career began in newspapers and as a producer at the BBC. He was Global Managing Director of Reuters Television and went on to be founder and CEO of strategy and commercial rights negotiator Reel Enterprises specialising in commercial negotiations in media and sport. After he sold Reel to the Wasserman Media Group he became CEO of Magnum Photos and latterly the co-founder of the Women's Sports Group. David has written two books of political history.

Appointment to the Board:

6 December 2021

Term completion:

5 December 2024

Committee membership:

Audit & Risk Committee

Current external appointments:

Director, Kogan Page Limited

Co-founder, Women's Sports Group Ltd

Director, Labourlist Limited

Director, David Kogan Limited

Previous roles:

Executive

Director, Reuters Television

Director, Reel Enterprises

CEO, Magnum Photos

The Channel 4 Board (continued)

Non-Executive



Michael Lynton
Non-Executive

Responsibilities and skills:

Michael is currently Chairman of Snap Inc, a position he has held since 2016 having joined Snap's Board in 2013. He has also been Chairman of Warner Music Group since 2019.

Previously, Michael served as Chairman and CEO of Sony Pictures Entertainment Inc from 2004 until 2017, and additionally as CEO of Sony Entertainment Inc and Sony Corporation of America from 2012 to 2017.

Prior to joining Sony, he has worked at The Walt Disney Company – where he started Disney Publishing and subsequently served as President of Disney's Hollywood Pictures; Pearson plc – where he was Chairman and CEO of Penguin Group; and Time Warner – where he was CEO of AOL Europe, President of AOL International, and President of Time Warner International.

Michael is also currently a member of the Board of Regents of the Smithsonian, the Council on Foreign Relations, the RAND Corporation, and serves on the Board of Trustees of the Tate.

Appointment to the Board:

25 April 2022

Term completion:

24 April 2025

Committee membership:

None

Current external appointments:

Chairman, **Snap Inc.**

Chairman, **Warner Music**

Trustee, **Tate**

Regent, **Smithsonian**

Previous roles:

Chairman and CEO, **Sony**

Entertainment

President, **AOL Time Warner**

International and CEO, **AOL Europe**

Chairman and CEO, **Penguin**

Publishing Group



Andrew Miller
Non-Executive

Responsibilities and skills:

Andrew is Chief Executive of Motability Operations plc, a role he took up at the end of 2020.

An accountant by training and a leader in digital transformation, Andrew has also held senior executive positions at a number of multinational consumer and media groups. These include Food Folk Group Holdings – owner of the McDonald's licence for the Nordics Scandinavia – Guardian Media Group and Autotrader, taking the latter from a print magazine to a digital platform. Prior to this, Andrew held senior finance roles at Frito-Lay Europe, Procter & Gamble and Bass. He has also held Non-Executive Director roles and was Audit Chair at the AA plc and Ocean Outdoor Media plc.

Appointment to the Board:

1 June 2020

Term completion:

31 May 2023

Committee membership:

Audit Committee (Chair)

Current external appointments:

Chief Executive, **Motability**

Operations plc

Previous roles:

Audit Chair, **AA plc**

Audit Chair, **Ocean Outdoor Media**

Director, **Guardian Media Group plc**

Director, **Auto Trader**

Holding Limited

Director, **Food Folk**

Group Holdings AS

Director, **Top Right Group**

(**Ascential plc**)



Sarah Sands
Non-Executive

Responsibilities and skills:

Sarah's career spans 35 years in news, current affairs and as an author. She has held some of the most senior editorial positions in the industry at the Daily Telegraph and Sunday Telegraph, Daily Mail, Readers' Digest, London Evening Standard and the BBC's Today programme.

Appointment to the Board:

6 December 2021

Term completion:

5 December 2024

Committee membership:

Ethics Committee

Current external appointments:

Non-executive director,

Berkeley Group

Trustee, **Index on Censorship**

Non-executive director,

London First

Board director, **Hawthorn Advisors**

Previous roles:

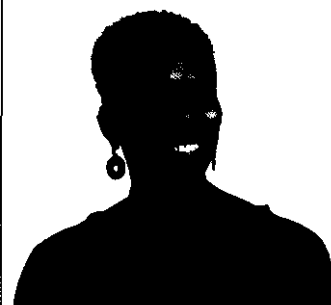
Executive

Editor, **BBC Radio 4 Today**

Editor, **London Evening Standard**

Editor, **Sunday Telegraph**

Deputy Editor, **Daily Telegraph**



Althea Efunshile CBE
Non-Executive (former)

Responsibilities and skills:

Althea brings 35 years' experience of senior strategic leadership and management within the public sector. She has been a local authority Director of Education; a senior civil servant within the Department for Education; and Deputy Chief Executive of Arts Council England. She has been Chair and Non-Executive Director of a range of public bodies spanning the arts, health, further and higher education, and housing. She has a passion for diversity and inclusion, and while on the Channel 4 Board contributed to the Channel's efforts to strengthen the diversity of its audiences, programming and internal organisation.

Appointment to the Board:

January 2018

Term completion:

December 2021

Committee membership:

Audit Committee

Current external appointments:

Chair, **Metropolitan**

Thames Valley Housing

Chair, **Ballet Black**

Non-Executive Director,

University College London

NHS Foundation Trust

Previous roles:

Executive

Deputy Chief Executive,

Arts Council

Director level Senior Civil Servant,

Department for Education

Executive Director for

Education and Culture, **London**

Borough of Lewisham

Non-executive

Chair, **National College**

Creative Industries

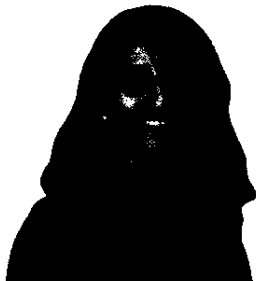
Non-Executive Director,

Goldsmiths College

(**University of London**)

The Channel 4 Board (continued)

Non-Executive



Uzma Hasan
Non-Executive (former)

Responsibilities and skills:

Uzma is a multi-award-winning film producer and industry consultant with a global track record in the development, production and exploitation of feature films. She has pivoted from international executive to start-up owner and has worked across four continents with studios and independents. While serving on the Channel 4 Board her particular focus was on embracing the challenges and opportunities brought by FAANG disruptors, and the ways in which cultural output can positively shape our society. She credits Channel 4-backed *My Beautiful Laundrette* as instrumental in her decision to become a filmmaker.

Appointment to the Board:

January 2018

Term completion:

September 2021

Committee membership:

Audit Committee

Current external appointments:

Producer and Co-Founder, **Little House Productions**. Her latest feature film, *Creature*, is a collaboration between Academy Award winner Asif Kapadia (*Amy*) and Lawrence Olivier Award winning choreographer Akram Khasn (*Desh*). She is currently developing a musical film with BAFTA nominee Ritesh Batra as well as the adaptation of Gautam Malkani's cult novel *Londonstani* for the BFI.

Selection Committee, **British Independent Film Awards**
Juror, **British Academy of Film and Television Arts**

Non-Executive Director, **Babber Films**, **Chisel Films**, **Ffilm Cymru**
Trustee, **Bush Theatre**, **Birds Eye View**

Previous roles:

Executive

Executive Producer, **Dharam Sankat Mein** and **Flying Paper**

Producer, **Creature**, **FirstBorn**, **The Infidel**

Associate Producer, **Tormented**

Film Financing Consultant, **Doha Film Institute**

Head of Development, **Slingshot Studios**



Fru Hazlitt
Non-Executive (former)

Responsibilities and skills:

Fru has spent over 25 years in the media, entertainment and technology sectors with a commercial background and extensive general management experience.

She has served as a Director of Boards – both as an Executive and as a Non-Executive Director – across a wide variety of high-profile consumer businesses.

Appointment to the Board:

January 2018

Term completion:

September 2021

Committee membership:

Remuneration Committee

Current external appointments:

Founder CEO, **La Piazza Group SRL**, **Colory*.it** and **GRLS.it**

Chair of the Board of Governors, **Downe House School**

Trustee, **Merlin's Magic Wand**

Previous roles:

Executive

Managing Director of Commercial, Online and Interactive, **ITV**

Managing Director, **GCap Media**

Chief Executive, **Virgin Radio**

Managing Director, **Yahoo UK**

Non-executive

Director, **Betfair**

Independent Director, **Merlin Entertainments**



Tom Hooper
Non-Executive (former)

Responsibilities and skills:

In his time on the Channel 4 Board, Tom brought three areas of relevant responsibilities and skills. Firstly, as an Oscar-winning film and television drama director he helped Channel 4 keep creativity and innovation central to its mission as a public service broadcaster. Tom won the best director Oscar for *The King's Speech* – in all, his films have won a total of eight Oscars. His television work has won 22 Emmys and ten Golden Globes, including *Elizabeth I* (Best Director Emmy) and *Longford*, both of which he directed for Channel 4. Secondly, his wide experience of working in the Nations and Regions of the UK was relevant for Channel 4 moving substantial parts of its operation out of London. He directed *Byker Grove* in Newcastle, *Cold Feet* in Manchester, *The Damned United* in Leeds, and directed and executive produced Philip Pullman's *His Dark Materials* in Cardiff. Thirdly, as a former Governor of the BFI and a member of the London Coordinating Committee of the Directors' Guild of America, he has developed a strong and responsible understanding of the existential issues facing the future of the cinema and public service broadcasting today – in the age of internet streaming.

Appointment to the Board:

January 2018

Term completion:

December 2021

Committee membership:

None

Previous roles:

Executive

Director of *The Damned United*, *The King's Speech*, *Les Misérables*, *The Danish Girl* and *Cats*

Non-Executive

Governor, **British Film Institute** (since 2011)



Stewart Purvis CBE
Non-Executive (former)

Responsibilities and skills:

Stewart has specialisms in TV journalism (as former CEO of ITN), regulation of broadcast content (as a former Ofcom Partner), and government relations (as a former adviser to DCMS).

Appointment to the Board:

1 September 2013

Term completion:

31 May 2021

Committee membership:

Remuneration Committee

Current external appointments:

Vice President, **Royal Television Society**

Non-Executive Director, **Brentford Football Club**

Chairman, **Brentford Community Football Society Ltd**

Non-Executive Director, **Brentford Community Football Society Ltd**

Chairman, **Brentford Community Football Society Ltd**

Chairman, **Brentford Community Football Society Ltd**

Previous roles:

Executive

Chief Executive and Editor-in-Chief, **ITN**

President, **EuroNews**, Lyon

Editor of *Channel 4 News*, **ITN**

Partner, Content and Standards, **Ofcom**

Professor of Television Journalism, **City University London**

Non-executive

Chair, **UK Government media literacy group**

Adviser to **House of Lords Select Committee on Communications**

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Adviser to **House of Lords Select Committee on Communications**

Report of the Members

Introduction

In accordance with the Companies Act 2006, the Corporate Governance Report on pages 173 to 180 and the information contained in the Strategic Report on pages 140 to 155 form part of this Report of the Members and are incorporated by reference. The Members have decided to comply with the provisions of the Companies Act 2006 to the extent that these are relevant to Channel 4 and its status as a statutory corporation.

The Members present their report and the audited financial statements for the year ended 31 December 2021. Details of the Executive and Non-Executive Members are disclosed on pages 166 to 170.

The Chair and Chief Executive present their statements on pages 4 to 7 and 8 to 11 respectively. A review of the Group, outlining its business model, development and performance during the financial year, together with its position at 31 December 2021 and financial outlook, is provided in the Strategic Report on page 165. The Strategic Report also outlines the principal risks and uncertainties facing Channel 4, and the Group's sustainability policies including its carbon emissions reporting.

The Group's financial statements are set out on pages 200 to 230 and Channel 4's financial statements are set out on pages 231 to 236.

Legal status

Channel Four Television Corporation ('Channel 4') is a statutory corporation, without shareholders, established under the terms of the Broadcasting Act 1990.

Regulatory environment

Under the regulatory model, Channel 4 receives access to the digital spectrum and prominence on the digital terrestrial television platform. In return, Channel 4 must fulfil its public service remit obligations as set out in the 1990 and 1996 Broadcasting Acts and as amended by the Communications Act 2003, the Digital Economy Act 2010 and the ten-year licence issued by Ofcom, which came into effect in January 2015. We are prohibited by legislation from producing programmes to be broadcast on the main Channel 4 service and there is a statutory limit of £200 million on the amount of debt the Corporation can raise.

Disclosure of information to the auditor

Each of the persons who is a Member at the date of approval of this Annual Report confirms that:

- so far as the Member is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Member has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

Deloitte LLP has been appointed as auditor to Channel 4 with the approval of the Secretary of State for Digital, Culture, Media and Sport.

Going concern

The Group's business activities, its future strategy and other factors likely to affect its future development and performance, the financial position of the Group, its cash flows and Viability Statement are set out in the Strategic Report. In addition, note 15 to the financial statements includes the Group's approach to financial risk management, including its financial instruments and hedging activities and its exposures to liquidity and credit risks.

As noted on page 165, Channel 4 has delivered a record financial result in 2021 for the second year running, further reinforcing its balance sheet position and ability to withstand future economic risks. Based on specific consideration of the Group's financial position, the current risks facing the Group and scenario analysis performed (see page 165) in addition to normal business planning and control procedures, the Group has sufficient financial resources and the Members believe that the Group is well placed to manage its business risks. The Members have a reasonable expectation that the Group will continue in operational existence for the foreseeable future, and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Members' interests

During 2021, Members, in addition to their salaries, benefits and/or fees as disclosed on page 187, were interested in the following transactions negotiated at arm's length on normal commercial terms with the Group:

Jonathan Allan is a Director of the Advertising Association. During 2021, Channel 4 paid £117,161 to the Advertising Association.

Althea Efunshile is Chair of Ballet Black. During 2021, Channel 4 paid £25,000 to Ballet Black.

Paul Geddes is a Director of QA Limited. During 2021, Channel 4 paid £24,058 to QA Limited.

Uzma Hasan is a member of the Selection Committee of the British Independent Film Awards. During 2021, Channel 4 paid £18,500 to the British Independent Film Awards. Uzma Hasan is also a member of the jury for the British Academy of Film and Television Arts ('BAFTA'). During 2021, Channel 4 paid £42,335 to BAFTA.

Dawn Airey and Stewart Purvis are Vice Presidents of, and Tess Alps a Fellow of, the Royal Television Society. During 2021, Channel 4 paid £20,464 to the Royal Television Society.

Where the Members have an interest in an advertising or sponsorship client of the Group, the amounts paid or payable are not disclosed as they are negotiated and transacted via media buying agencies. All such transactions are negotiated and transacted on an arm's length basis.

Insurance and indemnities

The Group has qualifying third-party indemnity provisions in place for the benefit of the Members which comply with the requirements of the Companies Act 2006.

Employment policy for people with disabilities

Channel 4 is committed to recruiting, developing and retaining employees with disabilities. We continue to act as a 'Disability Confident Leader' as part of a government scheme, offering a guaranteed interview to all candidates with a disability who meet

Report of the Members (continued)

the essential criteria for a role. Our initiatives in these areas are detailed further on page 148.

Providing information to employees

Employees are provided with information on matters of concern to them via presentations by the Executive team in regular all-staff meetings, regular e-news updates and through other email communication when appropriate. There is also an employee representative committee of individuals across the Corporation who represent all staff and consult with senior management on matters that affect staff.

Employee engagement

Details of the Group's engagement with its employees are outlined on page 177.

Business relationships

Details of the Group's key business relationships and engagement with these stakeholders is outlined on page 176.

Responsibility statement of the Members in respect of the annual financial statements

The Members are responsible for preparing the Annual Report and the Group's and the Corporation's financial statements in accordance with applicable law and regulations. The Corporation is required by its governing legislation (the Broadcasting Act 1990) to keep proper accounts and proper records in relation to the accounts, and to prepare financial statements in respect of each financial year. Under that law, the Members have elected to prepare the financial statements of the Group in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU and the requirements of Chapter 4 of Part 15 of the Companies Act 2006, and elected to prepare the financial statements of the Corporation in accordance with the Financial Reporting Standard ('FRS') 101 'Reduced Disclosure Framework'.

The Members accept responsibility for approving the financial statements only after they are satisfied that, when taken as a whole, they are fair, balanced and understandable, and provide the information necessary to assess the Corporation's performance, business model and strategy. In preparing the parent company financial statements, the Members:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 'Reduced Disclosure Framework' has 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 Corporation will continue in business.

In preparing the Group financial statements, International Accounting Standard ('IAS') 1 requires that Members:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Members have accepted responsibility for keeping proper accounting records that are sufficient to show and explain the Group's and the Corporation's transactions and to disclose with reasonable accuracy at any time the financial position of the Group and the Corporation. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Members have voluntarily decided to prepare a Remuneration Report in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, made under the Companies Act 2006, as if those requirements were to apply to the Group and the Corporation.

The Members are responsible for ensuring compliance with the requirements of Schedule 9 of the Communications Act 2003, as set out on page 179. Following the Digital Economy Act 2010, revised arrangements, approved by Ofcom, were implemented from 15 September 2016.

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

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and surplus or deficit of the Group and the Corporation and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group, and the Corporation and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary to assess the Corporation's position, performance, business model and strategy in accordance with the UK Corporate Governance Code.

This report was approved by the Board on 4 May 2022 and signed on its behalf by

Sir Ian Cheshire
Chair
4 May 2022

Corporate governance

The Board is committed to high standards of corporate governance. The Members voluntarily prepare a Corporate Governance Statement to demonstrate that they apply the principles, where relevant, of the UK Corporate Governance Code issued by the Financial Reporting Council ('FRC') in 2018, and the Disclosure and Transparency Rules and Listing Rules of the Financial Conduct Authority. Channel 4's status as a statutory corporation without shareholders means those provisions concerning shareholders' interests are not directly applicable. Information required under LR9.8.4R of the Listing Rules, where relevant to Channel 4, is disclosed in the Report of the Members (page 191) and in the Members' Remuneration Report (pages 185 to 192). The Board considers that it was compliant with the relevant provisions of the UK Corporate Governance Code throughout 2021, with the exception of the composition of the Remuneration Committee (in regard of which it was compliant up to September 2021 and from December 2021 onwards following new appointments to the Board). The Code can be accessed at www.frc.org.uk.

The Board

Channel Four Television Corporation is controlled through its Board of Members. The Board's main role is to discharge Channel 4's statutory functions and ensure the fulfilment of the public service remit in accordance with all applicable laws and regulations.

The Board meets at least eight times a year and has a schedule of matters reserved for its approval as noted in the table below. In addition, as part of its overall responsibility to ensure the fulfilment of Channel 4's statutory duties and functions, the Board continues to focus on ensuring the successful delivery of Channel 4's remit and other public service responsibilities. Content output and plans for future investment of the content budget are regularly discussed as part of the overall Board agenda, as are regular updates on audience reactions to Channel 4's content. The Board also approves Channel 4's proposed Statement of Media Content Policy (incorporating the Statement of Programme Policy and Review) prior to publication.

Board sub-committees

The Board has an established Audit & Risk Committee, Remuneration Committee and Ethics Committee to assist with the discharge of its functions and has delegated each certain responsibilities, as set out below.

Board nominations

Given its constitution and specific statutory provisions regarding the appointment of Members, Channel 4 does not have a formal Nominations Committee. Instead, there are formal nominations procedures which are described below.

The following formal nomination procedures are in place:

- Non-Executive Members are appointed for fixed terms by Ofcom following consultation with Channel 4's Chair and the approval of the Secretary of State for Digital, Culture, Media and Sport
- The Chair is appointed by Ofcom for a fixed term with the approval of the Secretary of State for Digital, Culture, Media and Sport
- The Deputy Chair is appointed by Ofcom
- The Chief Executive is appointed by the Board
- Other Executive Members are appointed to the Board after nomination by the Chief Executive and the Chair acting jointly

We work with Ofcom to ensure that each Board appointment brings to the Board the skills and experience that are required to meet Channel 4's needs and contribute to its long-term success.

The division of responsibilities between the Chair of the Board and the Chief Executive is clearly defined as described on the following page.

The Board

The following matters must be referred to the full Board:

- Channel 4's annual budget and three-year financial plan and strategy
- The appointment of the Chief Executive
- Confirmation of the appointment of the other Executive Members nominated by the Chief Executive and the Chair acting jointly
- Banking arrangements and loan facilities
- Any significant proposal outside the ordinary course of Channel 4's business
- The appointment and reappointment of the statutory auditor
- The audited Annual Report and financial statements

- The establishment, purchase or acquisition of any qualifying company and the approval or variation of terms of reference for any subsidiary
- Approval of any significant new business investment or programme investment
- Significant proposed changes to Channel 4's headcount
- Such other matters as the Board may from time to time resolve to review or decide upon

The Board has delegated certain responsibilities to the sub-committees below.

Audit & Risk Committee

The Audit & Risk Committee is responsible for monitoring the integrity of the Corporation's financial statements, reviewing the Corporation's internal control and risk management systems and making recommendations to the Board in respect of the external auditor. The Audit & Risk Committee Report is set out on pages 181 to 184.

Remuneration Committee

The Remuneration Committee oversees all aspects of pay for Channel 4, reviewing proposals for the annual pay awards and variable pay schemes applicable to all staff. It recommends to the Board remuneration for the Chief Executive and sets remuneration for the rest of the Executive team. The Members' Remuneration Report is set out on pages 185 to 192.

Ethics Committee

The Ethics Committee reviews any conflicts of interest that may arise for Channel 4's Board and matters relating to the Code of Conduct as may be referred to it by the Chair or otherwise and offers advice to the Chair on conflicts of interest relating to Non-Executive Members and/or Executive Members.

Corporate governance (continued)

The role of the Chair

The Chair is responsible for:

- Leading the Board in setting the values and standards of Channel 4
- Maintaining a relationship of trust with and between the Executive and Non-Executive Members
- Leadership of the Board, ensuring its effectiveness on all aspects of its role, including the setting of the agenda
- Ensuring that all Members receive accurate, timely and clear information
- Ensuring that all Members continually update their skills and the knowledge and familiarity with Channel 4 required to fulfil their role both on the Board and on committees
- Facilitating the effective contribution of Non-Executive Members and ensuring constructive relations between Executive and Non-Executive Members
- Undertaking an annual evaluation of Board and committee performance

Charles Gurassa was appointed Chair for an initial three-year term from 28 January 2016 and was subsequently reappointed for a further three-year term. He completed his term on the Channel 4 Board on 27 January 2022, with Dawn Airey acting as Interim Chair from that date until 11 April 2022, when Sir Ian Cheshire was appointed as Chair for a three-year term.

The role of the Chief Executive

The role of the Chief Executive is to run the business of Channel 4 under the delegated authority from the Board, to implement the policies and strategy agreed by the Board, and to communicate with Ofcom and other key stakeholders.

During 2021, Alex Mahon continued as Chief Executive.

Members and Members' independence

The 2021 Board Members and their skills, experience and responsibilities are set out on pages 166 to 170.

The Non-Executive Members constructively challenge and help develop proposals on strategy, and bring strong, independent judgement, knowledge and experience to the Board's deliberations. The Non-Executive Members are of sufficient calibre and number that their views carry significant weight in the Board's decision making. Lord Chris Holmes acts as Senior Independent Director, providing a sounding board for the chair and serving as an intermediary for the other Members. The Members are given access to independent professional advice at the Group's expense when the Members deem it is necessary in order for them to carry out their responsibilities.

Details of professional commitments for Charles Gurassa (as Chair throughout 2021), Dawn Airey (as Interim Chair from January to April 2022), and Sir Ian Cheshire (as Chair from April 2022) are included in their biographies. These do not adversely affect their roles with Channel 4.

The Board considers all its Non-Executive Members to be independent in character and judgement. At the time of this report, no Non-Executive Member:

- Has been an employee of the Group within the past five years
- Has, or has had within the past three years, a material business relationship with the Group (although attention is drawn to the related party transactions on page 171)
- Receives remuneration from Channel 4 other than their Member's fee

- Has close family ties with any of the Group's advisers, Members or senior employees
- Holds cross-directorships or has significant links with other Members through involvement in other companies or bodies
- Has served on the Board for more than nine years from the date of their first election

Professional development

On appointment, the Members take part in an induction programme when they receive information about the Group, the role of the Board and the matters reserved for its decision, the terms of reference and membership of the principal Board and Executive Committees and the powers delegated to those committees, the Group's corporate governance practices and procedures including the powers reserved to the Group's most senior executives, and the latest financial information about the Group. This is supplemented by meetings with members of the senior management team. On appointment, all Members are advised that they have access to advice and the services of the Head of Corporate Governance. Throughout their period in office the Members are continually updated on the Group's business and environment and other changes affecting the Group and the industry it operates in as a whole, by written briefings and meetings with senior executives.

A formal Board Effectiveness Review that uses a detailed questionnaire to allow Board Members to express both qualitative and quantitative views on Board performance is undertaken annually. In 2021, the Head of Corporate Governance oversaw a review of the Board and of the Audit & Risk and Remuneration Committees, which was conducted by an external Board evaluator. Findings and analysis were presented to the Board by the Head of Corporate Governance and discussed at the January 2022 Board meeting. Committees also held their own discussions on the findings. Despite the challenges faced during 2021, the Board and committees were found to be performing well, with strong alignment with the Future4 strategy and its collegiate approach both noted as strengths. The importance of ensuring Board composition provides appropriate representation of diverse voices and the UK as a whole was noted. Proposals for actions focused on identifying effective structures to draw on Members' support and expertise at an early stage in key strategic projects.

Board information

Regular reports and papers are circulated to the Members before Board and committee meetings. These papers are supplemented by information specifically requested by the Members from time to time. A monthly performance pack is prepared by the Chief Operating Officer providing a month-by-month report on progress against the main performance indicators set by the Board.

The Head of Corporate Governance's responsibilities include ensuring an effective flow of information within the Board and its committees, induction of new Members, assisting with professional development as required, and advising the Board through the Chair on all governance matters.

Corporate governance (continued)

Board meetings

The number of full Board meetings and committee meetings attended by each Member during the year is shown in the table below:

Name	Board meetings attended (invited)	Audit & Risk Committee meetings attended (invited)	Remuneration Committee meetings attended (invited)	Ethics Committee meetings attended (invited)
Charles Gurasca	12 (12)	4 (4) ¹	4 (4) ¹	–
Lord Chris Holmes	12 (12)	–	4 (4)	–
Althea Efunshile	12 (12)	4 (4)	–	–
Paul Geddes	12 (12)	4 (4)	–	–
Uzma Hasan	8 (10)	3 (4)	–	–
Fru Hazlitt	10 (10)	–	3 (3)	–
Tom Hooper	11 (12)	–	–	–
Roly Keating	12 (12)	–	4 (4)	–
Andrew Miller	11 (12)	4 (4)	–	–
Stewart Purvis	5 (5)	–	2 (2)	–
Dawn Airey	1 (1)	–	–	–
Tess Alps	1 (1)	–	–	–
David Kogan	1 (1)	–	–	–
Sarah Sands	1 (1)	–	–	–
Alex Mahon	12 (12)	4 (4) ¹	4 (4) ¹	–
Jonathan Allan	12 (12)	4 (4) ¹	4 (4) ¹	–
Ian Katz	12 (12)	–	–	–

¹ The Chair, Chief Executive and Chief Operating Officer attended Audit & Risk Committee and Remuneration Committee meetings but were not members of those committees.

The Board meets at least eight times a year; extraordinary sessions of the Board and committees were also held in 2021. The Non-Executives meet without management twice a year, and meet with just the Chief Executive present once a year.

The Ethics Committee did not meet in 2021 as no matters arose requiring its consideration.

Board diversity

As shown on pages 27 to 32, diversity is at the heart of Channel 4 and this is equally important at the most senior levels of the organisation as at entry-level positions. At May 2022, the Channel 4 Board comprised three Executive Members and ten Non-Executive Members. As stated on page 173, Non-Executive Members are appointed by Ofcom, and Executive Members by the Chief Executive and the Chair.

At 31 December 2021, one of the three Executive Members was a woman (December 2020: one of three). At 31 December 2021, the Board comprised four women and eight men, with the four women making up 33% of the Board membership (December 2020: 31%). At 31 December 2021, none of the Members of the Board were from an ethnically diverse background (December 2020: two).

Section 172 statement

In July 2018 a revised version of the UK Corporate Governance Code was published, containing an updated set of principles that emphasise the value of good corporate governance to long-term sustainable success. As stated above, as a statutory corporation without shareholders, Channel 4 voluntarily applies the principles of the Code, where relevant.

The Code requires the Board to assess the basis on which Channel 4 generates and preserves value over the long term. The Board believes that the annual review of Channel 4's performance in relation to its Statement of Media Content Policy (presented on pages 84 to 128 of this Annual Report) represents a strong statement of the value generated by the Group. Our corporate Future4 strategy (set out on page 144) is aimed at ensuring we can continue to generate and develop this value over the long term as the broadcasting environment evolves. As a not-for-profit public service broadcaster, our aim is to remain commercially self-sustainable with a strong supporting balance sheet over the long term. A key element of our financial strategy is the way we cross-fund commercially challenging genres with profitable programming. We believe surpluses built up over time should be prudently reinvested back into original content and digital innovation through our Future4 strategy, to enhance our commercial business model and to ensure the continuing relevance and reach of our remit.

Some of the ways in which Channel 4's value is measured externally currently remain rooted in a traditional, linear PSB paradigm and do not reflect structural and strategic changes. The number of measures reviewed in relation to our Statement of Media Content Policy also makes our focus and decision making complex. As a result, the Board continues to review how we articulate and measure Channel 4's long-term impact in a changing landscape. New measures have been incorporated into the review of our Statement of Media Content Policy during 2021 to reflect our strategic shift away from a focus on linear viewing.

The Code also requires boards of directors to understand the views of their companies' key stakeholders and describe in the Annual Report how their interests, and the matters set out in section 172 of the Companies Act 2006, have been considered in Board discussions and decision making. Section 172 deals with the directors' duty to promote the success of the company for the benefit of its shareholders as a whole, having regard to a number of broader matters including the likely consequence of decisions for the long term and the entity's wider relationships.

Although provisions around shareholders' interests are not directly applicable to Channel 4, our Board seeks to make decisions remaining mindful of our remit, values and strategy, and taking into account their impact on our key stakeholders. Engagement with these stakeholders is key to maintaining the Corporation's reputation. The following table identifies these stakeholders, outlines how we engage with them, and provides examples of how these relationships have shaped Board decision making during the year.

Corporate governance (continued)

Our stakeholders

Stakeholder	Engagement	Impact on Board agenda and decision making
Viewers (mainstream, young people, ethnically diverse and under-represented, Nations and Regions)	We monitor audience engagement via both proprietary trackers and third-party trackers, bespoke audience studies (pilot testing, focus groups, genre and trend studies, behavioural studies) and an annual digital landscape study.	<p>The Board receives regular updates on viewing performance to inform its decision making. In 2021, there was a greater focus than ever on All 4 viewing performance as Channel 4 started to deliver its digital-first Future4 strategy. As part of the business's alignment with this strategy, the Board also reviewed updates to the framework of viewing metrics used to support our Statement of Media Content Policy – aimed at tracking the pivot to digital, and how Channel 4 delivers its vision of representing unheard voices.</p> <p>The Board discussed how this vision was reflected in Channel 4's creative output and the significant public value this could go on to have, looking at particular examples including <i>It's A Sin</i>, the <i>Black to Front Project</i> and the Paralympic Games.</p> <p>The Board was kept updated on developments during the broadcast outages suffered during autumn 2021, and scrutinised the impact this had on provision of access services to viewers who rely on them. The Board encouraged management to take the opportunity to expand delivery in this area in future. It endorsed action plans put forward by management, and will review more detailed findings on lessons learned during 2022.</p> <p>Reviews of viewing performance inform Board approvals for commissioning of new and returning content when required under Channel 4's delegation of authority.</p>
Creative partners (production companies, talent)	<p>We engage with creative partners via direct meetings, industry events, talent outreach programmes, partnerships, qualitative and quantitative research (including direct feedback) and third-party industry data.</p> <p>Channel 4's Creative Contract sets out our commitments to the independent production community to foster creative partnerships, and maintain our reputation as the best partner for producers.</p>	<p>Regular updates on creative performance helped to inform Board decision making, with a focus in 2021 on how commissioning strategy is driving the pivot to digital.</p> <p>The Board considered the position of Channel 4 within the wider production sector, and in particular monitored progress against the Nations and Regions strategy, noting research into Channel 4's contribution to the UK economy and jobs supported across the country. It also emphasised the importance of engagement with Channel 4's creative stakeholders in response to the government consultation launched during 2021.</p> <p>The Board reviewed the results of stakeholder surveys during the year, particularly in light of cuts made to the Group's commissioning budget during the previous year to protect Channel 4's financial position. It oversaw actions to ensure positive relationships with our creative partners were reinforced during 2021, including new investment in the sector through our Indie Growth Fund, and revisited the topic later in the year to assess progress made.</p> <p>The Audit & Risk Committee oversaw work during the year to promote Channel 4's Speak Up whistleblowing facility to third parties within the Group's supply chain and engage with any concerns raised.</p>

Corporate governance (continued)

Stakeholder	Engagement	Impact on Board agenda and decision making
Commercial partners (media agencies, advertisers, trade organisations)	Engagement with commercial partners comes in the form of regular meetings, events and industry research, plus collaboration and innovation through ad-break takeovers, our 4Talks insight series and sponsorship of industry platforms and projects. We also carry out an annual reputation survey with commercial stakeholders.	<p>During 2021, the Board has received frequent updates on key drivers in the TV advertising market as it recovered post-Covid.</p> <p>The Board supported work by Channel 4's sales teams to collaborate with commercial partners during key moments like the Black to Front Project and Paralympics ad-break takeovers.</p> <p>Scrutiny was given to proposals during 2021 for new commercial partnerships outside of traditional platforms. The Board also reviews the success of previous commercial ventures and the stakeholder relationships built to ensure that lessons learned are applied in future. Key stakeholder relationships are carefully considered by the Board when approving major commercial agreements, and they are regularly briefed on the development of existing partnerships as well as new ventures in the pipeline.</p>
Employees	Engagement with Channel 4 employees comes in many forms, including all-staff sessions, staff forums, regular internal communications and staff surveys (considered in more detail on page 148).	<p>The Board reviewed regular updates on staff wellbeing throughout the year, taking into account the impact of continued lockdowns and measures to try and manage work-life balance. This was assisted by results from detailed quarterly staff surveys. The Board also considered the safety of employees during a return to Channel 4's offices and a new hybrid working approach in the later part of the year.</p> <p>The Board discussed progress in the number of roles now created in Channel 4's Nations and Regions offices, as the National HQ in Leeds formally opened in September.</p> <p>Following Channel 4's six-point commitment as an anti-racist organisation in 2020, where it committed to strive for equality as an employer, the Board monitored progress via the results of an internal Inclusion Survey and discussed actions identified. They also endorsed plans to develop and leverage the 4Skills programme to help increase social mobility and bring new people into the industry.</p> <p>The Remuneration Committee oversaw work to update the organisation's departmental design and pay framework during 2021, and considered the impact on employees and the importance of clear communication.</p>
Political and regulatory (decision makers, influencers and opinion formers)	<p>We ensure engagement with our political and regulatory stakeholders via one-to-one meetings as well as events, briefings and quarterly stakeholder meetings.</p> <p>We are in regular contact with our key regulator Ofcom through meetings and reporting. We engage proactively with consultations by our political and regulatory stakeholders as and when these are launched.</p> <p>We also report to regulatory stakeholders via our pay gap and diversity reporting, and carry out an annual reputational survey.</p>	<p>Early in the year, the Board discussed Channel 4's submission to Ofcom's review on public service broadcasting and reviewed how the channel had engaged in this process.</p> <p>Subsequently, the Board has been prominently involved in responding to the government consultation into Channel 4's future ownership, emphasising the organisation's role in supporting the independent production sector and in the Nations and Regions agenda. The Board has also engaged in the Group's response to DCMS's announcement in April 2022 that it plans to proceed with proposals to privatise Channel 4.</p> <p>The Board performs an annual review of the effectiveness of the Corporation's compliance activities and agrees action points where necessary.</p>

Corporate governance (continued)

Stakeholder	Engagement	Impact on Board agenda and decision making
Financial (governmental stakeholders, banks)	<p>In 2018, Channel 4 entered into a Memorandum of Understanding ('MoU') with the Department for Digital, Culture, Media and Sport ('DCMS'). This clarified the requirements for Channel 4's financial engagement with DCMS – to provide information to DCMS and to secure DCMS approval for certain limited transactions outside the <i>normal course of Channel 4's business</i>. The Channel 4 Annual Report is laid before Parliament, and Members of the Channel 4 Board attend an annual Select Committee session to discuss the report and the channel's current activities. Channel 4 also provides regular reporting to its financial stakeholders on its performance and covenants.</p>	<p>The Board reviews and approves the Group's Annual Report ahead of it being laid before Parliament. It also scrutinises and approves the Group's annual long-term plan and Budget ahead of these being reported to financial stakeholders.</p> <p>Repayment of the Group's £75 million revolving credit facility (drawn down at the start of the pandemic) was discussed by the Board and Audit & Risk Committee before this took place in June 2021, and the Audit & Risk Committee has subsequently overseen negotiations with banking partners to renew the current facility ahead of its expiry in 2023.</p>

Internal control

In accordance with good corporate governance practice, the Board:

- Is responsible for maintaining sound risk management and internal control systems, ensuring they are effective in identifying key risks and reporting on the adequacy of actions to respond to and manage those risks
- Seeks regular assurance and receives regular reports that enable it to satisfy itself that the system is functioning effectively
- Is responsible for the Group's process for the preparation of the consolidated financial statements

As outlined on page 178, the Board delegates oversight of risk management and internal control to the Audit & Risk Committee. Further information on activity in these areas during 2021 is provided in the Audit & Risk Committee Report on pages 181 to 184. The Board is not responsible for the internal control environment or corporate governance for any of the Group's joint ventures or associates; however, none of the Group's joint ventures or associates are material to the consolidated financial statements.

Control environment

Clear management responsibilities are established for the Executive Members. The Corporation has a Code of Conduct and a suite of policies and procedures which encompass ethical behaviour, conduct and internal controls.

The Audit & Risk Committee satisfies itself that internal controls are operating throughout the year based on a programme of reviews by the Group's Business Assurance and Finance functions, which are reported to the Committee at its quarterly meetings – further detail is provided in the Audit & Risk Committee report on pages 181 to 184.

All expenditure is authorised in line with a delegated authorities framework. An electronic invoice authorisation system is used to further enhance the control environment. Authorisation and payment duties are strictly segregated, and bank signatory limits are clearly defined by bank mandate.

Risk management

In addition to its requirements under Schedule 9 of the Communications Act 2003 set out below, the Board and management have a clear responsibility for the identification of risks facing the Group and for putting in place procedures to monitor and mitigate such risks. Channel 4 has a high appetite for creative risk-taking, which could potentially give rise to controversial content. The Group has a low appetite for operational risks. The Board and Executive team operate a risk management framework for identifying, evaluating and managing (rather than eliminating) significant risks faced by Channel 4. Material controls, including financial, operational and compliance controls, are monitored and reviewed by senior management, Business Assurance and the Audit & Risk Committee. Remedial plans are put in place where internal reviews identify control weaknesses or opportunities for improvement. Serious control weaknesses (if any) are reported to the Board and appropriate actions taken. This framework has been developed in accordance with relevant good practice guidance on internal controls and risk management, and was rearticulated in 2020 on the launch of our Future4 strategy. A summary of the key risks that the Group faces, together with how those risks are mitigated, is presented in the Strategic Report on pages 156 to 165.

Corporate governance (continued)

Editorial and compliance

Channel 4 has a long-established compliance culture, which is fully integrated into its commissioning process and provides clear editorial 'reference-up' to senior executives and appropriate Board oversight. Its importance is widely recognised and understood by independent production companies we work with and they share equal responsibility for ensuring that programmes and online content conform to the compliance culture we work within. The Commissioning team works in close collaboration with the Legal and Compliance department on all significant commissions. There are strong editorial, legal and compliance systems and controls in place over the content commissioned by Channel 4.

These include specific guidance and protocols contained within the Channel 4 Producers' Handbook, which encompasses the Ofcom Broadcasting Code, other relevant regulations, media law and best practice guidelines. This is supported by extensive training for both staff and independent producers. The Members are satisfied that Channel 4 has in place suitable procedures to fulfil the requirements of paragraph 3b of the Ofcom licence, which exists to ensure that difficult or fine-cut decisions on editorial and compliance issues are properly considered by the most appropriately experienced and senior editorial executives and programme lawyers within Channel 4.

Reporting to the Board

Information is provided to the Members in advance of each Board or Committee meeting. The information provided over the course of the year includes strategic plans, detailed annual budgets, quarterly reforecasts and key projects and initiatives as well as monthly performance packs. Amongst other things, the monthly performance packs monitor progress against the agreed objectives for the year, and compare actual performance metrics, income and expenditure to date with budget and prior year. Explanations are provided for significant variances to facilitate discussion and review at the Board meetings.

The Members also receive information in between Board meetings as appropriate, including weekly risk and viewing updates. The Board Secretary is responsible for the provision of information to the Members.

Pension plan

There were six Trustees of the Channel Four Television Staff Pension Plan at 31 December 2021. The Trustees, who meet several times each year, also meet the Plan's investment managers from time to time: Legal & General Assurance (Pensions Management) Limited, Veritas Asset Management LLP, BMO Global Asset Management, JP Morgan Asset Management, Ruffer LLP, IFM Investors and Just Retirement Limited during the year.

During the year, the Trustees were as follows:

Channel 4 Executives

Martin Baker	Director of Commercial Affairs
Vince Russell	Finance Director

Channel 4 Non-Executive Trustees

Lord Chris Holmes MBE	Non-Executive Member
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Member-nominated Trustees

Sarah Honeyball	Client Sales Lead
Gill Monk	Pensioner Member Nominated Trustee

Corporation-appointed Trustee

Dinesh Visavadia, Independent	Independent Corporate Trustee
Trustee Services Limited	

Further details of the Channel Four Television Staff Pension Plan are provided in note 19 to the financial statements.

Requirements of Schedule 9 of the Communications Act 2003 (the 'Act')

The Act requires Channel 4 to submit proposals to Ofcom detailing the arrangements under which it proposes to secure, so far as reasonably practicable, that all significant risks to the primary function are identified, evaluated and properly managed. These proposals are referred to as 'the Arrangements'.

In addition, the Arrangements must include proposals which Channel 4 considers appropriate for securing the transparency objectives as set out in the Act, namely:

- an appropriate financial and organisational separation between the activities of Channel 4 that relate to the carrying out of their primary functions and their other activities; and
- an appropriate degree of transparency in financial and other reporting where resources are shared between separated activities or where there is some other financial or practical connection between otherwise separated activities.

The Act sets out the matters to which the submitted Arrangements may relate. These include the procedures and other practices to be followed by Channel 4 in the case of the initiation and management of new ventures, the exercise of particular powers, the assessment of risks, the imposition of charges and the keeping of records.

The Act requires Channel 4 to put in place regular checks to confirm that Channel 4 is complying with the Arrangements. The Arrangements proposed by Channel 4 must contain provision for compliance, with the Arrangements to be checked regularly by a person (other than Channel 4's auditor) appointed in accordance with that provision. Revised Arrangements came into force on 15 September 2016.

Channel 4 appointed BDO LLP to review compliance with the Arrangements. Copies of the Arrangements are available from the Head of Corporate Governance.

Corporate governance (continued)

Independent Reporting Accountant's report to Channel Four Television Corporation ('the Corporation') and the Office of Communications ('Ofcom')

We have performed a review of the Corporation's compliance during the year ended 31 December 2021 with the arrangements agreed by the Corporation and the Office of Communications ('Ofcom') in 2016 under Section 2 of Schedule 9 of the Communications Act 2003.

This report is made solely to Channel Four Television Corporation and Ofcom in accordance with our letter of engagement dated 18 February 2022 and in order to (a) allow the Corporation to meet its obligations under the Licence and Schedule 9 of the Communications Act 2003 to procure such reports and (b) to facilitate the carrying out by Ofcom of its regulatory functions. Our work has been undertaken so that we might state to the Corporation and Ofcom those matters we are required to state to them in a reporting accountant'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 Corporation and Ofcom (in accordance with our Regulator's Contract with Ofcom dated 18 February 2022), for our work, for this report, or for the opinions we have formed.

Respective responsibilities of Channel Four Television Corporation and reporting accountants

The Corporation has agreed arrangements with Ofcom to secure the following objectives (the 'Objectives') as set out in Schedule 9 of the Communications Act 2003:

- So far as reasonably practicable, secure that all significant risks that their other activities will have an adverse effect on the carrying out, during the relevant licence period, of their primary functions are:
 - a) identified;
 - b) evaluated; and
 - c) properly managed.
- The transparency objectives of securing:
 - a) An appropriate financial and organisational separation between the activities of the Corporation that relate to the carrying out of their primary functions and their other activities; and
 - b) An appropriate degree of transparency in financial and other reporting where resources are shared between separate activities or where there is some other financial or practical connection between otherwise separated activities.

The arrangements between the Corporation and Ofcom are available from https://www.ofcom.org.uk/_data/assets/pdf_file/0031/88519/Channel-4-Schedule-9-Arrangements.pdf. The responsibility of the Corporation in terms of Schedule 9 of the Communications Act 2003 is to act in accordance with these arrangements throughout the review period.

Our responsibility is to check whether the Corporation has complied with these arrangements during the year ended 31 December 2021 and report to you our independent conclusion as to whether they have done so.

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control. We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

Basis of opinion

We carried out our work in accordance with International Standard on Assurance Engagements 3000 'Assurance Engagements'. Our work consisted of:

- Confirming our understanding of the Corporation and the internal procedures and controls in place made to comply with the arrangements made under Schedule 9 of the Communications Act 2003 through enquiry of senior management and other appropriate personnel; and
- Testing the operation of the relevant internal procedures and controls and examining of the financial records relating to the above.

Our work was carried out based on the internal procedures and controls in place to comply with the arrangements during the year ended 31 December 2021. We are not responsible for concluding whether the arrangements are sufficient and appropriate to achieve the objectives set out above. Any system of internal control can only give reasonable, not absolute, assurance that the objectives will be met.

Opinion

In our opinion, the Corporation has complied with the arrangements under Schedule 9 of the Communications Act 2003, in all material respects for the year ended 31 December 2021.

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Channel Four Television Corporation and Ofcom, for any purpose or in any context. Any party other than Channel Four Television Corporation and Ofcom who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Channel Four Television Corporation and Ofcom for our work, for this report, or for the conclusions we have reached.

BDO LLP

Chartered Accountants
London
4 May 2022

BDO LLP is a Limited Liability Partnership registered in England and Wales (with registered number OC305127)

Audit & Risk Committee Report

Chair's introduction

During 2021, the Committee's focus has returned post-pandemic to ongoing work to identify and monitor wider business risks arising in the Corporation's activities. Particular emphasis has been given to ensuring that these risks are managed appropriately, and strengthening the Group's controls framework to provide sufficiently robust mitigation. A detailed analysis of the risks facing the Corporation, including new or increased risks arising as a result of the pandemic, is disclosed in the Strategic Report on pages 142 to 152.

Composition

During 2021 the Audit & Risk Committee comprised Andrew Miller (Chair), Paul Geddes, Uzma Hasan (until her departure from the Board in September 2021), Althea Efunshile (until her departure from the Board in December 2021) and David Kogan (following his appointment to the Board in December 2021). All the members of the Committee are Independent Non-Executive Members. As disclosed on page 169, Andrew Miller is a qualified accountant and brings previous experience as Audit Chair of both AA plc and Ocean Outdoor Media to his role as Chair. Further details of the Members of the Audit & Risk Committee can be found on pages 181 to 184.

The Committee met four times during 2021. Details of attendance at Audit & Risk Committee meetings by the Members of the Committee are disclosed in the Corporate Governance Report on page 175.

At the Committee Chair's invitation, the Chair of the Board, the Chief Executive, the Chief Operating Officer, the Finance Director, the Head of Business Assurance, the Head of Corporate Governance and the external audit partner (among others) attended Committee meetings. The external audit partner and Head of Business Assurance have direct access to the Chair of the Audit & Risk Committee.

Role of the Audit & Risk Committee

The Committee monitors the effectiveness of the Group's financial reporting, systems of internal control and risk management and the integrity of the Group's external audit and internal Business Assurance processes.

Responsibilities

As noted in the Corporate Governance Report on page 173, the Board has discharged certain responsibilities to the Audit & Risk Committee:

- To monitor the integrity of the financial statements of Channel 4 and any formal announcements relating to Channel 4's financial performance and reviewing significant financial reporting judgements contained in them
- To review the Corporation's internal financial controls and internal control and risk management systems
- To monitor the Corporation's whistleblowing procedures, ensuring that appropriate arrangements are in place for employees to be able to raise matters of possible impropriety in confidence, and with suitable follow-up action
- To review the findings of Business Assurance reviews and to monitor and review the effectiveness of Channel 4's Business Assurance function
- To make recommendations to the Board in relation to the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements
- To develop and implement policy on the engagement of the external auditor to supply non-audit services including the pre-approval of such services, taking into account ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the Board, identifying any matters where it considers that action or improvement is needed and making recommendations on steps to be taken
- To update the Board about the Audit & Risk Committee's activities and ensure the Board is aware of matters that may have a significant financial impact on Channel 4

Audit & Risk Committee Report (continued)

Activities

The Committee discharged its key responsibilities in 2021 and 2022 to date as set out below.

January 2021 meeting

- Confirmed with the external auditor the key audit risks to be disclosed in the 2020 Annual Report and discussed the external auditor's progress to date on the 2020 audit
- Received updates on the Group's tax status and reviewed updates to the Treasury policy
- Reassessed the principal risks and uncertainties facing the Corporation and the mitigating actions in place, following a detailed exercise to fully refresh the risks identified by the Group and ensure this reflects both the current external environment and the Group's new strategy
- Reviewed and approved the Business Assurance plan for 2021
- Discussed the findings of the 2020 Board Effectiveness Review with regard to the Audit & Risk Committee and suggested actions

March 2021 meeting

- Reviewed the 2020 financial statements and other sections of the Annual Report including the Statement of Media Content Policy and discussed whether these were fair, balanced and understandable to stakeholders
- Reviewed the Corporation's accounting policies in respect of the key audit risks, significant accounting and reporting issues and a detailed financial report in respect of 2020 and discussed these with the external auditor
- Considered the report of the external auditor on their key findings for the 2020 audit
- Reviewed the findings of the independent reporting accountants concerning compliance with the arrangements under Schedule 9 of the Communications Act 2003 in relation to 2020
- Reviewed the Viability Statement and the going concern assumption for the 2020 financial statements, with specific consideration in light of the ongoing Covid-19 pandemic
- Reviewed the rearticulated view of the Group's risk framework presented in the 2020 Annual Report
- Reviewed ongoing Business Assurance activity including observations and actions from the Group's Fraud Risk Assessment

June 2021 meeting

- Discussed a review of the Audit & Risk Committee's terms of reference, internal processes and proposed upcoming topics for the Committee's consideration
- Received updates on operational transformation projects around the business
- Received updates on the Group's tax status and reviewed updates to the Treasury policy
- Received updates on Business Assurance activity and the Group's key risks
- Received updates on whistleblowing activity through the 'Speak Up' facility
- Reviewed an assessment of the Group's current cyber maturity
- Considered the annual Health and Safety update

September 2021 meeting

- Reviewed the Corporation's accounting policies in respect of its significant accounting judgements, and a detailed financial report in respect of the half year to 30 June 2021
- Reviewed the preliminary audit plan for the 2021 audit presented by the external auditor, which included consideration of the scope of the audit, the key audit risks to be disclosed in the 2021 Annual Report and other key areas of focus
- Discussed a review of the Group's internal control framework, and action plan reflecting the increasing focus from management during 2021, and with consideration given to potential regulatory developments on the horizon
- Received the findings of Business Assurance activity during H1 2021 and updates on the Group's key risks
- Received status updates on whistleblowing activity under consideration by the Business Assurance team
- Received updates on Information Security, including a detailed review of cyber security and the risk posed by ransomware

January 2022 meeting

- Received an oral update from the external auditor on the audit plan presented in September, and discussed the external auditor's progress to date on the 2021 audit
- Received progress updates on management's controls framework action plan
- Considered the Group's approach to alignment over time with new climate-related financial disclosures
- Received updates on the Group's Treasury policy and on renewal of the existing revolving credit facility
- Received status updates on whistleblowing activity under consideration by the Business Assurance team
- Reviewed the impact of the broadcast outage experienced by Channel 4 during autumn 2021 and plans in place to strengthen business resilience to prevent similar incidents in future
- Discussed the findings of the 2021 Board Effectiveness Review with regard to the Audit & Risk Committee and suggested actions

March 2022 meeting

- Reviewed the 2021 financial statements and other sections of the Annual Report including the Statement of Media Content Policy and discussed whether these were fair, balanced and understandable to stakeholders
- Reviewed the Corporation's accounting policies in respect of the key audit risks, significant accounting and reporting issues and a detailed financial report in respect of 2021 and discussed these with the external auditor
- Considered the report of the external auditor on their key findings for the 2021 audit
- Reviewed the findings of the independent reporting accountants concerning compliance with the arrangements under Schedule 9 of the Communications Act 2003 in relation to 2021
- Reviewed the Viability Statement and the going concern assumption for the 2021 financial statements
- Reviewed the Group's risk framework as presented in the 2021 Annual Report
- Approved the Business Assurance plan for 2022
- Received status updates on whistleblowing activity under consideration by the Business Assurance team
- Received updates on the Group's key Technology projects including key risks identified
- Approved updates to the Group's Treasury Investment policy

Audit & Risk Committee Report (continued)

Significant matters in the financial statements

After discussions with both management and the external auditor, the Audit & Risk Committee determined that the key audit matter in relation to misstatement of the Corporation's 2021 financial statements related to revenue recognition around certain complex revenue agreements.

This key matter was discussed while the audit strategy was being reviewed and at the conclusion of the audit of these financial statements.

Revenue recognition

Advertising revenue is recognised on transmission of the advertisement while sponsorship revenue is recognised on a straight-line basis in accordance with the transmission schedule for each sponsorship campaign. Although revenue is processed through automated transactional processes and the general accounting policy is not complex, there are occasions where judgement is required around the timing and value of revenue.

Certain advertising revenues are recognised from barter and other similar contractual arrangements and revenues are measured with reference to the fair value of the goods or services received. Judgement is required in assessing the fair value of the goods or services received. The terms of these contracts can be complex, increasing the associated risk.

Total revenue for 2021 was £1,164 million, as detailed in note 1 to the financial statements. The revenue recognition accounting policies of the Corporation are disclosed on page 206. The accounting treatment for any new or unusual revenue contracts is reviewed and presented by management to the Audit & Risk Committee.

The Committee reviews the accounting treatment for any material revenue streams where significant judgement is applied (including around the fair value of certain advertising revenues as outlined above). Management also provided papers explaining the accounting treatment to the auditor during the 2021 financial audit. The Committee has reviewed the results of management's judgements in respect of revenue recognition at the balance sheet date, and is satisfied that the procedures performed and the assumptions made were robust and consistently applied, resulting in appropriate accounting treatment.

Other risks

The use of the going concern assumption had been previously been reviewed by the Committee as a significant matter in the financial statements in 2019 and 2020 in light of the impact of Covid-19 on the TV advertising market. The Committee has reviewed regular updates during the year regarding the Group's latest financial outlook, and noted the lower risk in relation to going concern in 2021 taking into account the record surplus delivered, reinforcing an already strong balance sheet position. The use of the going concern assumption was considered to be appropriate for the 2021 financial statements.

Critical accounting judgements and key sources of estimation uncertainty

The Audit & Risk Committee received updates from both management and the external auditor with regard to the Group's critical accounting judgements and any key sources of estimation uncertainty during 2021. Particular focus was given to the Group's treatment of programme and film rights, with detailed consideration given to identifying the most appropriate amortisation profiles as viewing behaviours shift over time (accelerated by the Future4 strategy). The Committee reviewed the findings of detailed viewing analysis and were satisfied that the estimates applied by management currently remained appropriate, although these will remain subject to close monitoring over time.

The Committee has also reviewed the approach that management takes to other critical accounting judgements relating to its deferred tax assets, as well as in the application of IFRS 16 'Leases' to the Group's satellite transponder contracts, receiving confirmation that this treatment remains in line with previous years, and agreed that they were satisfied this treatment remained appropriate.

Misstatements

Management confirmed to the Committee that it was not aware of any material misstatements or immaterial misstatements made intentionally to achieve a particular presentation. The auditor reported to the Committee all misstatements that it found in the course of its work over the reporting threshold previously agreed with the Committee. No material misstatements remain unadjusted.

After reviewing the presentations and reports from management and consulting where necessary with the auditor, the Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates, both in respect to the amounts reported and the disclosures. The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised and challenged and are sufficiently robust.

Fair, balanced and understandable

The Audit & Risk Committee has satisfied itself that the Annual Report and financial statements, when considered as a whole, are fair, balanced and understandable and provide the information necessary for stakeholders to assess the Corporation's position, performance, business model and strategy. This follows a detailed process of review as outlined below:

- comprehensive reviews of the draft Annual Report and Accounts are undertaken by management, the Executive Committee and the Audit & Risk Committee Chairman
- discussion is held by the Committee along with management on key factors including consistency, clarity and presentation of the Annual Report
- a final draft is reviewed by the Audit & Risk Committee prior to consideration and approval by the Board

Audit & Risk Committee Report (continued)

External audit

Audit tender

Deloitte LLP was appointed as external auditor for the audit of the financial statements in 2017. Kate Houldsworth began her tenure as audit partner at that point; 2021 is expected to be her final year as audit partner, with the engagement rotating to a new Deloitte partner during 2022. The Audit & Risk Committee does not expect to carry out an audit tender process in the short term, and anticipates that Deloitte LLP will continue as auditor for the foreseeable future.

The Committee confirms that it is satisfied that the auditor has fulfilled its responsibilities with diligence and professional scepticism.

Auditor independence

Channel 4 will not use its external auditor to provide other services unless it is efficient and effective to do so and authorised by the Chair of the Audit & Risk Committee. The Committee has also taken action to ensure the objectivity and independence of the external auditor is maintained. To discharge this responsibility, the Committee has:

- approved the proposed audit fee and scope of the audit;
- reviewed all non-audit fees payable to the Group's external auditor; and
- reviewed Deloitte LLP's annual statement to the Audit & Risk Committee to confirm its independence within the meaning of regulatory and professional requirements.

A summary of the fees earned by Deloitte LLP in respect of all services provided in 2021 to the Corporation is shown in note 3 to the financial statements.

Audit effectiveness

The Committee has reviewed the external audit process and has satisfied itself that it is effective by reviewing:

- the external auditor's plan for the audit of the Group's financial statements, including the key audit risks identified above;
- the external auditor's reports on the Group's draft financial statements for the year ended 31 December 2021;
- the conduct of the audit through enquiries with management;
- the robustness and perceptiveness of the external auditor in their handling of key accounting and audit judgements identified and in responding to questions in one-on-one meetings; and
- the effectiveness of management in preparing and carrying out the audit and providing the external auditor with timely information.

Risk management and internal control

Business Assurance

The Corporation has a Business Assurance function and the Head of Business Assurance reports jointly to the Finance Director and the Chair of the Audit & Risk Committee.

The Head of Business Assurance is responsible for coordinating the risk management framework for the Group and for taking a risk-based approach when setting out the Business Assurance plan for the year. The Business Assurance function continued work to provide assurance that control processes were appropriate and working effectively, and where necessary recommend improvements.

The Business Assurance team function also plays a key role in Channel 4's crisis management and business continuity procedures, and was closely involved in both the response to broadcast outages during the year and in developing plans to strengthen business resilience during 2022.

Whistleblowing procedures (through the Group's Speak Up facility) are also led by the Head of Business Assurance and reported to the Audit & Risk Committee. Activity in this area in 2021 focused on engagement with third-party concerns brought to Channel 4's attention from within its supply chain.

Control environment

In addition to the assurance provided over the Group's control environment by the Business Assurance function, the Audit & Risk Committee receives regular updates from the Finance Director on management's activities to ensure a robust control environment remains in place. Management present an action plan to address the findings of work performed by Business Assurance and any other deficiencies or areas of concern noted, and provide status updates on this work. During 2021, this activity has focused in particular on strengthening the automated control environment around advertising sales. The Committee have also reviewed the manual controls framework in place to provide additional assurance while this work is ongoing.

Based on the findings of these reviews, the Committee confirmed they were satisfied that the Group's control environment was operating effectively during the year.

This report was approved by the Board on 4 May 2022 and signed on its behalf by

Andrew Miller

Chair of the Audit & Risk Committee
4 May 2022

Members' Remuneration Report

Chair's introduction

During 2021, the Committee has concentrated on ensuring remuneration decisions were aligned with delivering the Future4 strategy, and formed part of an appropriate reward framework in line with individual responsibility, performance and progression.

The Committee also focused on staff wellbeing in light of challenges faced during 2021, including continuing lockdowns followed by a move to hybrid working later in the year.

The Committee continued its focus on pay gap reporting with the publication of the 2021 Pay Report in January 2022.

Annual statement by the Chair of the Remuneration Committee

This report sets out the activities of the Remuneration Committee for the year ended 31 December 2021. It discloses the remuneration policy and remuneration details for the Executive and Non-Executive Members of the Corporation. It has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013. Channel 4's status as a statutory corporation without shareholders means these provisions are not all directly applicable, but the Members have decided to comply voluntarily with the provisions to the extent that they are relevant to Channel 4, in line with the Board's commitment to high standards of corporate governance.

The report is set out in three sections: the statement by the Chair of the Remuneration Committee, the annual report on remuneration, and the policy report. The annual report on remuneration provides details on remuneration relating to 2021 and other information required by the Regulations.

The Companies Act 2006 requires the auditor to report on certain parts of the Members' Remuneration Report and to state whether, in its opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the annual report on remuneration that are subject to audit are indicated in the Auditor's Report. The statement by the Chair of the Remuneration Committee and the policy report are not subject to audit.

The Remuneration Committee oversees all aspects of pay for the Executive Members and staff of Channel 4, reviewing proposals for the overall annual pay awards and variable pay schemes applicable to all staff, and the details of remuneration packages for the Executive team. The Committee's recommendations and decisions in 2021 reflect its remuneration policy, which is designed to enable Channel 4 to attract, motivate and retain high-calibre staff by offering both fixed and variable pay to reward commercial and creative success, while being sensitive to Channel 4's position as a public service broadcaster.

Where Executive Members or senior management are involved in advising or supporting the Remuneration Committee, care is taken to recognise and avoid conflicts of interest. No Executive Members attend meetings of the Remuneration Committee at times when any aspect of his or her individual remuneration, benefits or terms of employment are being discussed.

Composition of the Remuneration Committee

During 2021, the Remuneration Committee comprised Lord Chris Holmes (Chair), Roly Keating, Stewart Purvis (until his departure from the Board in May 2021) and Fru Hazlitt (until her departure from the Board in September 2021). Dawn Airey and Tess Alps were appointed to the Committee in December 2021. All the members of the Committee are Independent Non-Executive Members. The Chair of the Board, the Chief Executive, the Director of People, the Chief Operating Officer and the Corporation Secretary attended meetings by invitation as appropriate.

Members' Remuneration Report (continued)

Responsibilities of the Remuneration Committee

The Committee's principal responsibilities are:

- to recommend to the Board the level of any average annual salary increases and variable pay awards and the structure of remuneration;
- to recommend to the Board the structure of the annual Corporate Variable Pay and Advertising Sales Schemes and to review progress against the targets set for the schemes;
- to review any other aspect of HR strategy or performance as appropriate; and
- to review any other significant change in Channel 4's remuneration arrangements and policies.

The Chair of the Remuneration Committee reports to the Board on the Remuneration Committee's discussions and recommendations, and brings to the Board's attention any matters of an unusual or sensitive nature.

Activities of the Remuneration Committee

The Committee's work in 2021 and 2022 to date included making an award recommendation to the Board for the Corporate Variable Pay Scheme in respect of 2021, and reviewing the structure and appropriateness of the Corporate Variable Pay and Advertising Sales Schemes for 2022:

- The variable pay award for 2021 and the details of the Corporate Variable Pay Scheme are detailed on pages 187 to 190
- In January 2021, the Committee considered the corporate objectives already agreed for the year, focused on the execution of the Future4 strategy and aimed at tracking delivery against the channel's remit and levels of staff engagement, in addition to key financial and viewing measures. Targets were agreed for 2021 against these objectives to provide focus for the organisation throughout the year and for evaluation in determining 2021 variable pay.
- In January 2021, after consideration of the performance of the business and in light of the challenges faced during the previous year, the Committee recommended setting the award for 2020 at the maximum opportunity under the Corporate Variable Pay Scheme
- In January 2021, the Committee approved an average pay award of 1.5% to be made across Channel 4 effective from 1 March 2021
- In February 2021, after careful consideration, the Committee approved 2020 variable pay for the Executive Members as well as a 2021 pay award in line with the rest of the business
- In June 2021, the Committee discussed a detailed review of the Corporate Variable Pay and Advertising Sales Schemes, with the aim of ensuring these remain appropriate in future years and are suitably aligned with the Future4 strategy
- In November 2021, the Committee reviewed the proposed corporate objectives for 2022, which remain focused on delivering Future4 and underpinned by existing metrics around remit delivery and financial performance
- In November 2021, the Committee approved updates to the design of the Advertising Sales Scheme to align this more closely with the Future4 strategy
- In January 2022, after careful evaluation of the economic climate and challenges around cost of living, the Committee agreed that a pay award of 4% would be made effective 1 March 2022, with an additional award made to those at Manager level and below bringing this to 5%. They also made recommendations on the appropriate opportunity for 2021 under the Corporate Variable Pay Scheme, outlined on pages 188 to 189.

During 2021, the Committee made recommendations on an increase to the maximum opportunity available to Alex Mahon as Chief Executive Officer under the Corporate Variable Pay Scheme to 80%, to ensure appropriate reward for her leadership during a period of significant uncertainty. This recommendation was approved by the Board in July 2021.

The Committee also received regular updates throughout 2021 on the continued impact of widespread home working on employee wellbeing, plans for returning to hybrid working and work in progress to refresh the organisation's reward framework.

Pay Report 2021

The 'Channel 4 Pay Report 2021' was published in January 2022, and included ethnically diverse, LGBTQ+ and disability pay data within its scope as a reflection of Channel 4's commitment to inclusion and diversity. This reporting was in addition to the gender pay reporting required by the Equality Act.

The report showed a reduction in the mean gender pay gap of 1.9% year-on-year, to 19.6% in March 2021 (2020: 21.5%). The median gender pay gap also reduced by 2.5% to 20.5%. These decreases are positive and Channel 4 has made steady progress in this area since it first started reporting on the gender pay gap in 2017, but more work remains to be done. The key drivers of the gender pay gap remain the same: we have nearly twice as many women as men in the lower-earning quartile (67.7%), bringing down average female earnings overall, with the pay gap further broadened by a higher proportion of men in senior positions. Channel 4 continues to target a 50:50 gender balance in the top 100 earners by 2023, and the proportion of senior women in the business has grown to 48 in March 2021 (March 2020: 44), up from 34 when we first started reporting this metric in 2017.

The report shows that the mean ethnically diverse pay gap has remained at 15.3% year-on-year, although we are pleased to have reduced the median pay gap by 2.1% in 2021 to 10.3%, which signifies an improved distribution of pay across the quartiles. Just as with our gender pay gap, there are two factors that drive the ethnically diverse pay gap: a lower representation at senior levels and a higher representation at junior levels. By 2023, Channel 4's target is to have 20% ethnically diverse employees across Channel 4 and in the top 100 paid. As at March 2021, the number of ethnically diverse employees in the top 100 earners had increased to 17 (March 2020: 14), with 18% of total employees being ethnically diverse.

Channel 4 reported a mean LGBTQ+ pay gap of 14.9% at March 2021, an increase from 10.6% in 2020. As LGBTQ+ staff make up a relatively small population in Channel 4's overall staff composition, changes in headcount can have a significant impact on the pay gap. We were pleased that high recruitment activity in 2021 attracted many diverse candidates; however, as these were primarily entry-level roles, that has had the effect of increasing our mean LGBTQ+ pay gap.

The report also showed a similar impact on the mean disability pay gap, which increased from 12.6% in 2020 to 17.4% in 2021. As above, given the relatively small number of employees with disabilities compared to the total, the disability pay gap can be significantly affected by changes in headcount (such as opening new entry-level roles). The median disability pay gap has remained more consistent at 5.4% (2020: 5.2%). As at March 2021, 11% of Channel 4 employees have a disability, with a target of 12% of disabled staff across the organisation by 2023.

Members' Remuneration Report (continued)

Pay Report 2021 (continued)

The 2021 Pay Report also outlines the key actions that we are taking to further decrease our pay gaps across all demographic groups, which form just a part of what we are doing to become a fully inclusive organisation. The focus in 2022 includes the organisation's new career and reward framework, which will help ensure greater diversity in our talent pipeline, especially for senior management.

Remuneration Report

The following provisions on this page are subject to audit

The remuneration of the Executive Members for the years ending 31 December 2021 and 2020 is made up as follows:

£000	Salary	Taxable benefits	Pension	Total fixed	Variable pay	Total for 2021	Salary	Taxable benefits	Pension	Total fixed	Variable pay	Total for 2020
Alex Mahon	593	3	124	720	476	1,196	555	2	141	698	293	991
Jonathan Allan	492	1	38	531	197	728	459	1	36	496	194	690
Ian Katz	407	1	46	454	166	620	347	1	42	390	146	536
Total	1,492	5	208	1,705	839	2,544	1,361	4	219	1,584	633	2,217

The figures in the table above represent the gross amounts received by Executive Members in 2021 and 2020, after taking account of salary increases during the year where applicable and salary reductions between April and June 2020 in financial response to the initial outbreak of Covid-19.

In 2021 and 2020, all of the Executive Members received pension benefits in the form of cash payments.

Taxable benefits includes private medical insurance for all Executive Members.

The remuneration of the Non-Executive Members for the years ending 31 December 2021 and 2020 is as follows:

£000	2021 salary and fees	2020 salary and fees
Charles Gurassa	95	90
Lord Chris Holmes	33	17
Stewart Purvis (term completed May 2021)	9	22
Andrew Miller (term commenced June 2020)	25	14
Paul Geddes	24	24
Althea Efunshile (term completed December 2021)	22	21
Uzma Hasan (term completed September 2021)	17	21
Fru Hazlitt (term completed September 2021)	17	21
Tom Hooper (term completed December 2021)	22	21
Roly Keating	22	21
Dawn Airey (term commenced December 2021)	2	-
Tess Alps (term commenced December 2021)	2	-
David Kogan (term commenced December 2021)	2	-
Sarah Sands (term commenced December 2021)	2	-
Total	294	272

No detailed disclosure has been provided for the Non-Executive Members other than that relating to their fees, as it is the only form of remuneration they receive.

Variable pay

During the year, the Committee regularly monitored performance as part of its oversight of variable pay across the business. The Committee met in January 2022 to agree on a recommendation to the Board on variable pay once results for the year were available.

Corporate Variable Pay Scheme outline

The Corporation's business model and strategy are set out in the Strategic Report on page 144. The Corporate Variable Pay Scheme has been designed specifically to link variable pay with the business model, with specific corporate objectives set in January 2021 (focused on programme streaming views, share of commercial impacts ('SOC'), remit delivery and revenue diversification) which were used as key performance measures for the scheme for the year.

Achievement of at least the budgeted surplus or deficit before tax for the year and Ofcom licence requirements is a condition for any element of the scheme to pay out to staff. There may be circumstances where additional strategic or content investments are made or accounting adjustments arising from one-off events occur in the year which means the budgeted surplus or deficit before tax is adjusted for the purpose of the Corporate Variable Pay Scheme award, as agreed by the Board. Where this is the case, the surplus or deficit before tax is measured against the adjusted budget so that the financial impact of such items can be considered.

Members' Remuneration Report (continued)

Most staff and the Executive team participate in the Corporate Variable Pay Scheme, where the amounts provided can be up to 10% of total gross salary for staff, 20% for Heads of Department and between 30% and 80% for the Executive team. These percentages represent the maximum average amount that can be provided across each employee category. Actual awards for each staff member may vary from the average in certain years to reflect their individual achievement against personal performance objectives.

Process for determining variable pay

To decide how much variable pay should be provided each year, the Remuneration Committee reviews business performance using a monthly performance dashboard and report which tracks performance across a range of qualitative and quantitative metrics. Where relevant, performance versus competitors against the same metrics is also a key part of the Committee's deliberations. The Committee also monitors progress against the corporate objectives set for the year and considers a report written by the Chief Executive in conjunction with others in the Executive team, describing how the Corporation has performed.

The scheme is based on a mix of both qualitative and quantitative information, and a degree of judgement is required around certain creative performance measures. The weighting allocated to each corporate objective in a given year is at the discretion of the Committee.

After due consideration of performance during the year, the Remuneration Committee makes a judgement on the overall performance for the year and proposes an amount, based on what it considers the average payout across the Corporation should be for the year. The Committee produces a narrative assessment of its evaluation which is then presented to the Board, which has the final approval of any payout. The Committee will review the Corporate Variable Pay Scheme each year to ensure it remains appropriate.

Variable pay decision for 2021

It was reported that the first gateway to the scheme – meeting the Ofcom licence requirements – had been met. The Group's record financial results ensured that the second gateway, of achieving the budgeted result for the year, was clearly exceeded.

The Committee's assessment was based on a detailed review of all the information available to it, including the CEO and Executive team's 2021 end-of-year report, and the Corporation's performance across a wide range of performance metrics, including progress and achievement against the key corporate objectives. The Committee also reflected on the evolution of the scheme criteria in recent years, including a greater emphasis on individual performance in determining reward. An extract of the performance metrics considered by the Remuneration Committee is set out on pages 237 to 239 and includes programme quality, creative achievements, linear and digital viewing performance, commercial impact performance in key demographics and financial and commercial performance. The creative achievements and financial results are also outlined in detail throughout this Annual Report.

The Committee reflected that the organisational focus for 2021 had been aligning the business to deliver year one of the Future4 strategy – a fact reflected in digital-first corporate objectives for the year, with a significant growth target for All 4 views that made this the primary KPI, ranking above linear viewing metrics for the first time.

All 4 viewing grew by 21% in 2021, building on 26% growth in 2020, to achieve an impressive 1.5 billion views. Digital viewing now makes up 13.1% of total, versus 9.2% in 2020. Digital advertising revenue for the year reflects this performance, reaching 19% of the Group's total revenues for the year (up from 17% in 2020).

From *It's A Sin* to the ground-breaking *Black to Front* Project, the Paralympics and Emma Raducanu's triumph at the US Open, Channel 4's creative output in 2021 had ensured it had never been more bold and relevant than in the last 12 months – with an array of unique programming garnering both critical acclaim and strong performance across both linear and digital. Despite the focus on driving digital views, performance also exceeded expectations on linear in terms of SOCI (see page 147).

The Committee considered the Corporation's 2021 position across the range of its Statement of Media Content Policy ('SMCP') metrics (pages 84 to 128) and agreed that this strong creative performance was reflected in another successful year of remit delivery. Distinctive commissioning has ensured the channel maintains its reputation for representing different cultures and opinions around the UK, pushing boundaries and being willing to try something new.

Financially, the Corporation finished 2021 by presenting a record surplus for the second year running (£101 million for the year). The Group passed £1 billion revenues for the first time ever – with full-year corporate revenues of £1,164 million by far exceeding the previous historic high of £995 million in 2010. These financial results also reflect the initial success of Future4, with a strategic focus on diversifying revenues paying off in significant growth in key revenue metrics (non-advertising revenue now up to 9% of total, as well as the growth in digital advertising already mentioned). These strong results also helped to deliver cash balances in excess of £270 million and further strengthen the Group's balance sheet.

The Committee acknowledged that none of this could have taken place without a huge amount of work from the team at Channel 4 and expressed gratitude for their dedication. Channel 4's staff had done an incredible job during 2021, against ever tougher odds – be it a third lockdown at the beginning of the year at a time when resilience was already low, the uncertainty surrounding the ongoing government consultation process, or the immense workload taken on by some teams to keep the channel on air during the playout outage we experienced in the autumn. Despite all this, teams across the business had achieved real momentum towards the Future4 transformation, even after several years of major change across the organisation.

As part of this transformation, the Committee noted the success of the channel's 'Altogether Different' brand campaign, launched in the autumn as the result of a year of research and insight, and intended to provide a clear, distinctive position in the market for the next few years – setting the channel apart from both traditional broadcasters and the newer SVODs and best exemplified by its mantra, "Different – it's the one thing we've all got in common".

It was reported that 4Studio had entered its first full year in operation, growing to over 80 employees, almost all based in Leeds, and delivering an impressive set of results. 4Studio brought in 11.3 billion global views in 2021, a 7.3% increase on the previous year.

Members' Remuneration Report (continued)

The impressive array of awards picked up in 2021 was considered, providing confirmation of another very strong creative year, with the channel winning three BAFTAs, seven RTS Programme Awards, two Broadcast Awards, two Griersons Awards, two Rose D'or awards, as well as an International Emmy for *Adult Material*. Standout shows included *It's A Sin*, which has collected 22 awards from both UK and global events to date, and *We Are Lady Parts* collecting five awards in total to date.

The Committee reflected that Channel 4 had created several moments of shared national joy by bringing major sporting events to a free-to-air audience, including Test Cricket for the first time in 16 years, and the momentous US Open Tennis final, building on its widely admired coverage of Formula 1, Rugby Union and the Paralympic Games. Broadcasting Emma Raducanu's win, secured through an innovative deal with Amazon, peaked at 9.6 million (the biggest broadcast of the year) and delivered Channel 4's best daily share since 2012.

The positive impact of new bases in the Nations and Regions on the channel's creative output was reviewed, with 67% of main channel first-run origination hours in 2021 coming from the Nations and Regions. It was also taken into consideration that operational progress in the Nations and Regions had also continued apace, despite the constraints of the pandemic. Nearly 400 roles were now based outside London (versus the original target of 300 by 2023), with this number forecast to grow significantly in 2022, mainly through 4Studio.

The Committee considered how this commitment to the Nations and Regions had also been reflected in Channel 4's work with the production sector. The flagship Production Training Scheme had been relaunched, with a new cohort focused on Nations and Regions Indies for the first time and exceptionally strong in terms of diversity and inclusion. The 4Skills programme had also made considerable progress over the last 12 months with over 30 apprentices working in the business and 50% of these in the Nations and Regions. Plans are in place for a further increase in this activity for 2022, creating over 15,000 training, development and learning opportunities for young people.

The Committee discussed the opportunity presented by the Tokyo 2020 Paralympics to advance diversity in front of and behind the camera, with disabled presenters making up 70% of the on-screen team. Coverage of the Games was delivered in the face of profound uncertainty and unprecedented restrictions on movement both in Japan and the UK, and in total Channel 4's coverage reached 19.7 million people, 32% of the TV population.

The Black to Front Project was also a world first: an entire day of programming in which every show featured only Black talent and contributors – from *The Big Breakfast* to *Unapologetic*, via a number of Channel 4 favourites. The Committee noted the legacy of both the Paralympics and the Black to Front Project as a springboard for new commitments both in 2022 and beyond, to make lasting change in the representation of ethnically diverse and disabled talent in the industry.

The Committee considered the significant impact of the broadcast issues the channel experienced during the autumn, both within the organisation and on its viewers. This underlined the need for reform in technical capability, investment and culture to ensure greater resilience in the future. It was noted that certain key teams in the business had worked under enormous pressure for a very prolonged period of time and under very difficult conditions, simply to keep the channel broadcasting. However, the Committee also acknowledged the frustration and disappointment the outage caused for those who rely on Channel 4's access services, noting that while the channel took the issue of access services very seriously, it had fallen short in this instance.

Despite remote working making inclusion and diversity even more challenging than normal, the good progress made in 2021 was acknowledged by the Committee, with the position at the end of 2021 currently tracking ahead on the path to 2023 targets, with the now right to add a pillar on socio-economic diversity to the existing framework, and to shift employee focus to inclusion and the 4Skills programme.

A return to offices post-Covid had been proactively managed with a clearly communicated 50/50 approach, supporting employees through the innate complexities of the current working situation, and keeping their safety at the heart of all decisions.

After careful and detailed consideration, the Committee recommended that it was appropriate to set the award for 2021 at the maximum opportunity under the Corporate Variable Pay Scheme, as a reflection of Channel 4 staff's commitment and dedication in achieving another impressive year of creative, commercial and financial performance, in the face of the significant challenges 2021 presented.

Members' Remuneration Report (continued)

Advertising Sales Scheme

Staff working within advertising sales have a separate Advertising Sales Scheme, linked to advertising revenue and paid biannually based on performance. They are not eligible for the Corporate Variable Pay Scheme.

The following provisions on this page marked with * are subject to audit

Variable pay awards to Executive Members*

The Committee made the following awards to Executive Members in respect of 2021 performance:

- Alex Mahon was awarded an amount of 80% of year-end salary under the Corporate Variable Pay Scheme
- Jonathan Allan was awarded an amount of 40% of year-end salary under the Corporate Variable Pay Scheme
- Ian Katz was awarded an amount of 40% of year-end salary under the Corporate Variable Pay Scheme

Taxable benefits*

Executive Members are eligible for a range of taxable benefits, which can include a pension allowance and membership of a private medical insurance scheme (which is provided to all staff). No expenses claimed by Executive Members were chargeable to UK income tax as they were incurred wholly for the purposes of the business of the Corporation.

Pension*

The Corporation has two pension schemes: a defined contribution scheme open to all staff, and a defined benefit scheme which is closed to new entrants and closed to future accrual from 31 December 2015. Further details relating to the defined benefit plan are provided in note 19 to the financial statements.

All of the Executive Members received cash payments in lieu of pension benefits in 2021.

Non-Executive Members are not eligible for membership of either pension scheme.

CEO remuneration table

The table below shows the percentage change in remuneration of the Members and the Corporation's employees as a whole between the years 2020 and 2021:

	Salary and fees	Variable pay	Total
Chief Executive Officer	7%	62%	21%
Chief Operating Officer	7%	2%	6%
Chief Content Officer	17%	14%	16%
Non-Executive Directors ¹	–	N/A	–
All staff²	-5%	2%	-4%

1 Based on fees set by Ofcom on page 210.

2 All staff is based on average remuneration per FTE. This includes the CEO but excludes the costs of a small number of on-screen talent who are remunerated via Channel 4's payroll. This is consistent with the information in note 4 to the financial statements

The Executive Members' percentage change in remuneration between 2020 and 2021 includes the impact of temporary voluntary pay cuts taken in 2020 as part of the Group's financial response to the outbreak of Covid-19.

The Group is not presenting a table on CEO pay in comparison to Total Shareholder Return as it is a statutory corporation without shareholders and the requirements are therefore not applicable.

The ratio of remuneration for the highest paid Executive Member (the CEO) in comparison with employees in the 25th, 50th and 75th percentiles is shown in note 4 to the financial statements on page 212.

Payment for loss of office*

No payments were made for loss of office in 2021 to Executive Members, and at the balance sheet date there were no provisions made for compensation payable for early termination of contracts or loss of office to Executive Members.

Payment to past Members*

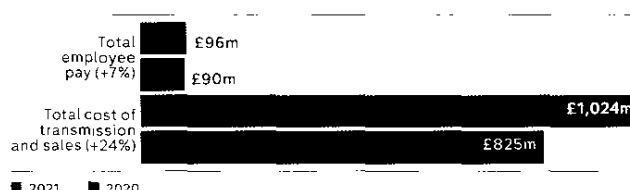
No payments to past Members were made in 2021.

Members' service contracts

Members' service contracts are kept available for inspection at the Corporation's Head Office, 124 Horseferry Road, London SW1P 2TX.

Relative importance of spend on pay

The graph below shows the actual expenditure of the Group and the change between the current and previous years.



The Members have chosen the change in total cost of transmission and sales as disclosed on the face of the income statement as the comparative measure for relative spend on pay as it is considered to be the most significant indicator in understanding total Corporation expenditure year-on-year in light of its new Future4 strategy announced in late 2020. Employee pay was approximately 9% (2020: 11%) of total cost of transmission and sales, with the decrease in this metric driven by non-staff cost levels returning to pre-pandemic levels following our response to Covid-19 in 2020.

Total employee pay is detailed in note 4 to the financial statements.

This report was approved by the Board on 4 May 2022 and signed on its behalf by

Lord Chris Holmes

Chair of the Remuneration Committee
4 May 2022

Members' Remuneration Report (continued)

Remuneration policy for 2022

The remuneration of Executive Members is determined by the Remuneration Committee, the membership and terms of reference of which are detailed on pages 185 to 186. In framing its remuneration policy, the Committee has given full consideration to the best practice provisions of the UK Corporate Governance Code. There have been no significant changes to the remuneration policy for 2022 except as noted below.

Future policy table

The following table sets out the key components of the remuneration package for Executive Members:

Component	How this supports the strategic aims of the Group	How this operates	Maximum amount payable	Performance measures
Salary	Offering competitive remuneration packages helps the Corporation attract, motivate and retain a high-calibre Executive team.	Salaries are paid monthly. The Remuneration Committee discusses the performance of each Member with the Chair of the Board and with the Chief Executive for other Executive Members.	Annual salaries for the year to 31 December 2022 are approved as follows, with increases in line with those awarded to all staff as outlined on page 186: – Alex Mahon – increase from £594,927 to £618,724 with effect from 1 March 2022 – Ian Katz – increase from £415,550 to £432,172 with effect from 1 March 2022 – Jonathan Allan – increase from £493,290 to £513,022 with effect from 1 March 2022 Salaries are usually reviewed annually in the first quarter of the year.	None.
Taxable benefits		The Corporation offers a range of benefits to all staff, including private medical insurance. Other benefits, such as life assurance, are available through a flexible benefits scheme.	The value of private medical insurance in 2022 is expected to range from £1,000 to £3,000 for Executive Members.	None.
Pensions		The Corporation currently offers a defined contribution pension scheme for new staff. Certain Executive Members also receive cash payments in lieu of pension benefits.	All of the Executive Members receive cash payments in lieu of pension benefits and are not members of the defined contribution or previous defined benefit schemes.	None.
Variable pay		All of the Executive team participate in the Corporate Variable Pay Scheme. Payout is determined annually by the Remuneration Committee shortly after the financial year end based on performance and paid in March following the year end.	The Corporate Variable Pay Scheme will pay between 40% and 80% of total gross salary for the Executive Members.	Performance measures of the schemes are set out on pages 187 to 190.

None of the components of remuneration contain any provisions for recovery of sums paid.

There are no other differences between the Corporation's policy on the remuneration of Executive Members and the policy on the remuneration of other employees.

The following table sets out the key components of the remuneration package for Non-Executive Members:

Component	Purpose	Operation
Fees	The Non-Executive Members constructively challenge and help develop proposals on strategy, and bring strong, independent judgement, knowledge and experience to the Board's deliberations.	Fees are set by Ofcom, paid monthly and reviewed periodically. Annual fees for the year to 31 December 2022 are expected to be: Chair – £95,000 Deputy Chair – £29,940 ¹ Committee Chairs – £25,177 Other Non-Executive Members – £22,177

¹ Reflects the standard Deputy Chair fees set by Ofcom – Deputy Chair also receives an additional fee to reflect his capacity as Committee Chair.

Non-Executive Members are appointed by Ofcom and service contracts are subject to fixed terms of a maximum of three years. Fees for Non-Executive Members do not contain any provisions for recovery of sums paid. No other components of remuneration are available for Non-Executive Members. Non-Executive Members are entitled to reimbursement of travel and accommodation expenses incurred in connection with attending Board and other meetings in relation to fulfilling their duties.

Members' Remuneration Report (continued)

Remuneration policy framework

The Corporation looks to attract, retain and motivate the best people in the market. To be able to do this, it looks to offer a fair and competitive rewards package. The Committee will seek to align the remuneration package offered to new Executive Members with the policy, which will involve determining remuneration appropriate and necessary to recruit and retain the individual. A summary of the policy is set out below:

Fixed remuneration	Base salary is benchmarked against the external market and broadly aligned to market median.
Variable remuneration	Awards under the Corporate Variable Pay Scheme are limited to 80% of base salary for the Chief Executive and 40% of base salary for the other Executive Members.
Benefits	Executive Members are provided with private medical insurance, life assurance, Group income protection and health screening. All other benefits are provided on a voluntary basis. The Corporation has a standard pension contribution scale but will consider paying a cash alternative depending on individual circumstances. The Corporation will pay legal fees incurred by any new Executive Member in respect of their appointment.
Internal promotions	In the event that an internal candidate was promoted to the Board, legacy terms and conditions would normally be honoured, including pension entitlements.

The Committee monitors the effectiveness of Executive Member remuneration and has regard to the impact and compatibility with remuneration policies in the wider workforce. During the year the Committee is provided with information regarding pay in the wider workforce which gives additional context for the Committee to make informed decisions. The Committee determines the overall approach for salary and variable pay for the overall workforce and similar principles are applied when considering Executive Member arrangements.

Policy on payment for loss of office

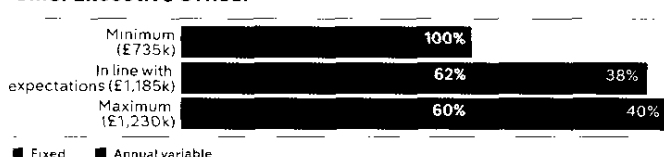
The service contracts of all the Executive Members are subject to notice periods of one year or less. The Committee's policy is to make payments in line with contractual obligations covering payment in lieu of notice including base salary and other benefits.

The Remuneration Committee will consider what compensation commitments (including pension contributions and all other elements) the Executive Members' terms of appointment would entail in the event of early termination. The aim of this is to avoid rewarding poor performance.

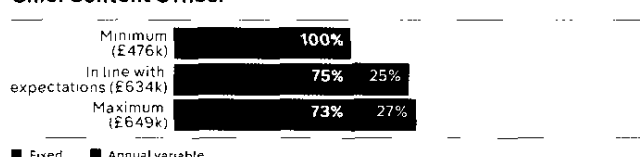
Illustration of application of remuneration policy

The graphs below represent the variations in the remuneration at different levels of performance for the 2022 remuneration policy for the Executive Members.

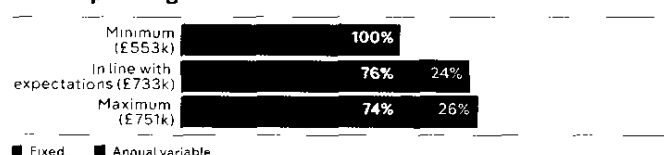
Chief Executive Officer



Chief Content Officer



Chief Operating Officer



The variable element of total remuneration in relation to 'in line with expectations' reflects the average award under the Corporate Variable Pay Scheme over the last five years.

Audited information

The Members' Remuneration Report (pages 185 to 192), where indicated, has been audited by the Corporation's auditor in accordance with Schedule 8 of the Companies Act 2006 as if those requirements were to apply to the Corporation.

Independent auditor's report

To the Department for Digital, Culture, Media and Sport on Channel Four Television Corporation

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Channel Four Television Corporation (the 'Corporation') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Corporation's affairs as at 31 December 2021 and of the Group's surplus for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Corporation financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 (as if it were to apply to the Corporation).

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and Corporation statements of changes in equity;
- the consolidated and Corporation balance sheets;
- the consolidated cash flow statement;
- the Group and Corporation accounting policies;
- the related notes 1 to 21 to the consolidated financial statements; and
- the related notes 1 to 7 to the Corporation financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards.

The financial reporting framework that has been applied in the preparation of the Corporation financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).





2. 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 Group and the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group for the year are disclosed in note 3 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Corporation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was:
	– Accounting for complex revenue contracts
	Within this report, key audit matter is identified as follows:
	 Newly identified
	 Increased level of risk
Materiality	 Similar level of risk
	 Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £11.0 million which was determined by considering two key metrics: revenue and total assets.
Scoping	We audited the Group as a single component, covering 100% of net assets, revenue and profit before tax.
Significant changes in our approach	Owing to the increased level of audit effort involved due to Covid-19, we identified a key audit matter in relation to the appropriateness of the going concern basis of accounting in prior year. However, in the current year we no longer consider the going concern basis of accounting as a key audit matter. Other than this there have been no significant changes to our approach.

Independent auditor's report (continued)

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the members' assessment of the Group's and Corporation's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of the Group's forecasting process and the preparation of management's going concern models.
- Obtaining management's financial models used to support its going concern assumptions and tested their numerical accuracy.
- Assessing and challenging the evidence used to support the assumptions used by management in their base case scenario.
- Considered whether management's range of reasonably possible downside scenarios including their severe scenario were considered and whether any potential mitigations were reasonable, realistic and within management's control.
- Reading industry analyst reports, industry data and other external information, comparing these with management's estimates to determine if they provided corroborative or contradictory evidence in relation to management's assumptions.
- Reviewing the revolving credit facility documents (including the new revolving credit facility issued post year-end) to understand the nature of any financial covenants to determine the impact on the going concern assessment.
- Assessing the amount of liquidity and covenant headroom available in management's forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Corporation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the member's statement in the financial statements about whether the members considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Accounting for complex revenue contracts

Key audit matter description	<p>The Corporation earns a significant portion of its revenues from TV advertising, for which most contracts are straightforward. There is a small sub set of contracts which have complex terms, and which aren't settled with a traditional cash payment, or have other commitments required to be made by the Corporation in exchange for advertising airtime.</p> <p>There is significant judgement, that these agreements, as a result of their complex and unusual nature and the material amounts involved, are accounted for or disclosed incorrectly. We therefore identified a key audit matter relating to the accounting for complex revenue contracts.</p> <p>The amount of revenue to which our key audit matter relates is £47.7 million (2020: £27 million). The Corporation's policy in relation to this is included in the group accounting policies on page 206. Refer to page 183 where this is included as a significant matter in the Audit Committee report.</p>
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Independent auditor's report (continued)

<i>How the scope of our audit responded to the key audit matter</i>	We analysed a statistical sample of contracts to identify complex contracts with non-standard contractual terms.
	We obtained an understanding and tested relevant controls around the recognition of revenue relating to these complex contracts.
	For those contracts that were identified as complex, we assessed whether the accounting treatment for these contracts was in line with their terms, the Corporation's accounting policy and relevant accounting standards including IFRS 15 <i>Revenue from Contracts with Customers</i> .
	We tested a sample of revenue transactions by tracing to signed agreements and internal management approvals and tracing the revenue through to revenue transmission data to determine whether these had been aired.
	We assessed the fair value of the consideration received by agreeing to programming contracts.
	We assessed management's financial statement disclosures against the requirements of IFRS 15.
<i>Key observations</i>	We consider the accounting applied and the disclosure to be in accordance with IFRS 15 <i>Revenue from Contracts with Customers</i> and the Corporation's accounting policy. We are satisfied the valuation of consideration related to the complex revenue arrangements was appropriate and in line with the fair value requirements of IFRS 13 <i>Fair Value Measurement</i> .

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group and Corporation-only financial statements
Materiality	£11.0 million (2020: £9.0 million) Since there are no components within the Group there is no requirement for Corporation only materiality to be set at lower than the materiality level of the Group.
Basis for determining materiality	We determined materiality by considering two key metrics: revenue and total assets. The determined materiality equates to 0.95% of revenue (2020: 0.96%) and 1.10% of total assets (2020: 0.95%). This approach is in line with the prior year.
Rationale for the benchmark applied	We considered the use of a number of different measures including revenue and total assets, as these benchmarks take into account both balance sheet and income statement metrics. Total assets provides a representation of the size of the business, and reflects the investment in programme content and film rights. Therefore, we consider it to be a key metric of interest to the users of the financial statements. Since the Corporation's aim is to reinvest surpluses into original content and digital innovation, we also consider revenue to be a key metric of interest to the users of the financial statements.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group and Corporation-only financial statements
Performance Materiality	Group and Corporation performance materiality was set at 70% of Group (and Corporation) materiality (2020: 70%).
Basis for determining materiality	In determining performance materiality, we considered the following factors: <ul style="list-style-type: none"> – Our risk assessment, including the quality of the control environment; and – Our experience of the audit, which has indicated a low number of corrected and uncorrected misstatements in prior periods.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £550,000 (2020: £450,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Independent auditor's report (continued)

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our audit was scoped by obtaining an understanding of the Group and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to risks of material misstatements was performed directly by the audit engagement team.

The Group maintains a single aggregated set of accounting records for all of its operations and we therefore audited the entire Group as a single component, covering 100% of net assets, revenue and profit before tax. For the audit of the Corporation, management deconsolidated the Group financial information to identify the relevant Corporation-only balances and transactions such as intercompany balances.

7.2. Our consideration of the control environment

In assessing the control environment of the Group, we obtained an understanding of the relevant IT controls associated with the Group's key accounting and reporting system. We gained an understanding of the relevant controls associated with certain business processes, being transactional advertising revenue, revenue in relation to complex contracts, programme inventory, payroll, trade payables and trade receivables.

On IT systems related to the processing of transactional advertising revenue and programme inventory, we identified control deficiencies which resulted in us not being able to rely on controls in our audit. During 2021, management implemented new compensating controls in the transactional advertising revenue cycle. We have performed procedures to understand these controls and plan to take a controls reliance approach for the 2022 audit when the controls will be in place for the full period.

7.3. Our consideration of climate-related risks

Climate change has the potential to impact the Group as set out on pages 149 to 155 and page 161 of the Annual Report. The Group remains committed to a transition to net zero, by setting and achieving both near-term and long-term science-based emission reduction targets to provide a pathway to net zero by 2030.

In the planning of our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

We have sought to understand the Group's identification and assessment of the potential impacts of climate change, how these risks influence the Group's strategy and their implications on the financial statements.

We have not been engaged to provide assurance over the accuracy of climate change disclosures set out on pages 149 to 155 in the Annual Report. As part of our audit procedures, we are required to read these disclosures to consider whether they are materially inconsistent with the financial statements or knowledge obtained in the audit. We did not identify any material inconsistencies as a result of these procedures.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report.

We have nothing to report in this regard.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent auditor's report (continued)

9. Responsibilities of members

As explained more fully in the members' responsibilities statement, the members 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 members 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 members are responsible for assessing the Group's and the Corporation'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 members either intend to liquidate the Group or the Corporation or to cease operations, or have no realistic alternative but to do so.

10. 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for members' remuneration, bonus levels and performance targets;
- results of our enquiries of management, business assurance and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the accounting for and disclosure of complex revenue transactions. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Broadcasting Act 1990, the Communications Act 2003, the UK Companies Act and Listing rules (as if they were to apply to the Group), pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. The key laws and regulations we considered in this context included compliance with the Ofcom Broadcasting Code, Ofcom on-demand rules, and Advertising Standards Agency guidelines.

Independent auditor's report (continued)

11.2. Audit response to risks identified

As a result of performing the above, we identified accounting for complex revenue contracts as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing Business Assurance reports and reviewing correspondence with HMRC and summaries of correspondence with Ofcom; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the members' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006, as if that Act were to apply to the Corporation.

In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the Group and the Corporation and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the members' report.

13. Corporate Governance Statement

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the report of the members with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 171;
- the members' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 165;
- the members' statement on fair, balanced and understandable set out on page 172;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 165;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 157 to 164; and the section describing the work of the Audit & Risk Committee set out on pages 181 to 184.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the terms of our engagement we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Corporation, or returns adequate for our audit have not been received from branches not visited by us; or
- the Corporation financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Members' remuneration

Under the terms of our engagement we are also required to report if in our opinion certain disclosures of members' remuneration have not been made or the part of the members' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Independent auditor's report (continued)

15. Other matters which we are required to address

15.1. Auditor tenure

We were appointed with the approval of the Secretary of State for Digital, Culture, Media and Sport on 10 August 2017 to audit the financial statements for the year ending 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is five years, covering the years ending 31 December 2017 to 31 December 2021.

15.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the Department for Digital, Culture, Media and Sport, in accordance with the Broadcasting Act 1990 and the terms of our engagement. Our audit work has been undertaken so that we might state to the Department for Digital, Culture, Media and Sport 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 Corporation and the Department for Digital, Culture, Media and Sport, for our audit work, for this report, or for the opinions we have formed.

Kate J Houldsworth FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, UK

4 May 2022

Consolidated income statement

for the year ended 31 December

	Note	2021 £m	2020 £m
Revenue	1	1,164	934
Cost of transmission and sales	2	(1,024)	(825)
Gross surplus		140	109
Other operating expenditure	3	(38)	(38)
Operating surplus		102	71
Net finance expense	5	(1)	(2)
Gain on sale of investments	7, 8	1	5
Impairment losses on investments	7	(1)	-
Surplus before tax		101	74
Income tax expense	6	(12)	(5)
Surplus for the year		89	69

Consolidated statement of comprehensive income

for the year ended 31 December

	Note	2021 £m	2020 £m
Surplus for the year		89	69
Net remeasurement surplus on pension scheme	19	30	4
Revaluation of freehold land and buildings	9	2	(4)
Deferred tax on pension scheme	12	(4)	-
Loss on revaluation of investments	7, 8	(3)	(2)
Other comprehensive income/(expense) for the year		25	(2)
Total comprehensive income for the year		114	67

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

Consolidated statement of changes in equity

for the year ended 31 December

	Retained earnings £m	Revaluation reserve £m	Total equity £m
At 1 January 2020	329	56	385
Surplus for the year	69	–	69
Other comprehensive income/(expense)	2	(4)	(2)
Total comprehensive income/(expense) for the year	71	(4)	67
At 31 December 2020	400	52	452
At 1 January 2021	400	52	452
Surplus for the year	89	–	89
Other comprehensive income	23	2	25
Total comprehensive income for the year	112	2	114
At 31 December 2021	512	54	566

Consolidated balance sheet

as at 31 December

	Note	2021 £m	2020 £m
Assets			
Investments accounted for using the equity method	7	8	6
Other investments	8	34	20
Property, plant and equipment	9	111	106
Right-of-use assets	11	10	12
Intangible assets	10	28	28
Deferred tax assets	12	17	26
Total non-current assets		208	198
Programme and film rights	13	299	240
Trade and other receivables	14	224	229
Other financial assets	15	115	110
Cash and cash equivalents	15	157	166
Total current assets		795	745
Total assets		1,003	943
Liabilities			
Employee benefits – pensions	19	(29)	(68)
Lease liabilities	11	(10)	(12)
Deferred tax liabilities	12	(6)	(5)
Total non-current liabilities		(45)	(85)
Trade and other payables	16	(389)	(326)
Current tax payable		–	(3)
Provisions	17	(3)	(2)
Borrowings	15	–	(75)
Total current liabilities		(392)	(406)
Total liabilities		(437)	(491)
Net assets		566	452
Revaluation reserve		54	52
Retained earnings		512	400
Total equity		566	452

The financial statements on pages 204 to 230 were approved by the Members of the Board on 4 May 2022 and were signed on its behalf by:

Sir Ian Cheshire
Chair

Alex Mahon
Chief Executive

Consolidated cash flow statement

for the year ended 31 December

	Note	2021 £m	2020 £m
Cash flow from operating activities			
Surplus for the year		89	69
<i>Adjustments for:</i>			
Income tax expense	6	12	5
Depreciation	9, 11	7	8
Amortisation of intangibles	10	2	2
Net finance expense	5	1	2
Gain on sale of investments	7, 8	(1)	(5)
Impairment losses on investments	7, 8	1	-
		111	81
(Increase)/decrease in programme and film rights	13	(59)	51
Decrease/(increase) in trade and other receivables	14	5	(50)
Increase/(decrease) in trade and other payables	16	63	(6)
Increase in provisions, excluding unwinding of discounts	17	1	-
		121	76
Defined benefit pension contributions	19	(10)	(9)
Tax paid	6	(8)	(5)
Net cash flow from operating activities		103	62
Cash flow from investing activities			
Acquisition of investments	7, 8, 21	(22)	(9)
Proceeds on sale of investments	7, 8	3	15
Purchase of property, plant and equipment	9	(9)	(3)
Internally developed software	10	(3)	-
Interest received and foreign exchange gain	5	-	-
Decrease in other financial assets ¹	15	(5)	(103)
Net cash flow from investing activities		(36)	(100)
Cash flow from financing activities			
(Repayment of)/Proceeds from borrowings	15	(75)	75
IFRS 16 payments on lease principal	11	(1)	(1)
Net cash flow from financing activities		(76)	74
Net (decrease)/increase in cash and cash equivalents		(9)	36
Cash and cash equivalents at 1 January		166	130
Cash and cash equivalents at 31 December		157	166

1 Amounts invested in term deposits of three months or longer and other funds with time-restricted access.

Group accounting policies

Introduction

Channel Four Television Corporation ('Channel 4') is a statutory corporation domiciled in the United Kingdom. The consolidated financial statements of Channel 4 for the year ended 31 December 2021 comprise Channel 4 and its subsidiaries (together referred to as the 'Group') and the Group's investments accounted for using the equity method. Channel 4's Corporation financial statements present information relating to Channel 4 as a separate entity and not about its Group.

The financial statements were authorised for issue by the Members on 4 May 2022. The registered office of Channel 4 is 124 Horseferry Road, London SW1P 2TX.

Basis of preparation

The financial statements of the Group have been prepared and approved by the Members in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Corporation's individual financial statements have been prepared under the Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

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

Critical accounting judgements and sources of estimation uncertainty

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

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

Critical accounting judgements

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

- The following aspects of our programme and film rights policy require judgement (see further detail on page 208):
 - The transmission profile over which to amortise programme and film rights
 - Assessment of programme value with reference to the quality of programme that has ultimately been delivered and its expected viewing performance
 - Assessment of the future revenues from distribution when evaluating the carrying value of film rights held for exploitation
- Management's application of IFRS 16 'Leases' requires judgement regarding the classification of transponder contracts under the standard. Management has concluded that these contracts do not constitute leases under the definition given by IFRS 16, as the Group does not control these assets due to the nature of the operation of these assets and due to certain rights which the supplier retains based on the detailed terms provided in the contracts. Further details of these contracts (including remaining term and estimated payments) are disclosed in note 18.

Key sources of estimation uncertainty

No key sources of estimation uncertainty were noted during the reporting period.

Alternative performance measures

In reporting financial information the Group presents alternative performance measures ('APMs') which are not defined or specified under the requirements of IFRS. The Group believes that the presentation of APMs provides stakeholders with additional and helpful information on the performance of the business, but does not consider them to be a substitute for, or superior to, IFRS measures. APMs are also used to enhance the comparability of information between reporting periods, by adjusting for uncontrollable factors which affect IFRS measures, to aid users in understanding the Group's performance.

Group accounting policies (continued)

As a reflection of the draw down of our revolving credit facility in March 2020, the Group introduced net cash reserves as an APM during 2020 which reflects the sum of the Group's cash and cash equivalents and other financial assets, net of cash borrowings at the balance sheet date. While all borrowings were repaid during 2021, this measure has been retained for the purposes of prior year comparison. This measure does not reflect the impact of other debt held on the balance sheet such as lease liabilities under IFRS 16. This provides stakeholders with additional relevant information relating to the overall cash resources available to the Group, not only those categorised as cash and cash equivalents. This APM is calculated in 2021 and 2020 as follows:

	2021	2020
Cash and cash equivalents	157	166
Other financial assets	115	110
Borrowings	-	(75)
Net cash reserves	272	201

Going concern

The annual financial statements have been prepared on a going concern basis as the Members have a reasonable expectation that the Group will continue in operational existence, as set out in the Report of the Members. As noted on page 165, Channel 4 has delivered a record financial result for the second year running, further reinforcing its balance sheet position and ability to withstand future economic risks.

As part of our 2022 Budget and three-year plan, we have considered the impact of several potential downside scenarios. These include a decline in the linear and digital advertising market beyond what we currently anticipate; a broader market shock in line with that experienced in 2020; or lower than expected benefits from implementing our Future4 strategy. Even in the most severe case considered (deemed plausible but beyond the worst-case scenario currently anticipated by management), analysis shows that our contingency plans would mitigate these impacts to ensure we retain sufficient liquidity and remain within our covenants.

Our £75 million revolving credit facility increases our available liquidity if required, although even in the worst-case scenario considered in our analysis this additional funding would not be utilised. This facility was renewed in March 2022 and now runs until March 2027. This ensures access to this facility is available, if required, across the full 12-month period under consideration in assessing the Group's status as a going concern.

Our scenario analysis and the resources available to Channel 4 indicate that the Group will be able to continue to operate for at least 12 months from the date that this Annual Report is approved. Accordingly, the Group continues to adopt the going concern basis in preparing its financial statements.

Basis of consolidation

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

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

Investments in associates and joint ventures are accounted for using the equity method. Associates are those entities over which the Group has significant influence. Where the Group holds 20% or more of the voting power (directly or through subsidiaries) of an investee, it will be presumed the Group has significant influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, it will be presumed the Group does not have significant influence unless such influence can be clearly demonstrated. Significant influence exists when the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

Joint arrangements are those entities over whose activities the Group has joint control. Joint control is established by a contractual agreement whereby the decisions about the relevant activities (i.e. the activities that significantly affect the investee's returns) of the entity require the unanimous consent of the two or more parties sharing joint control of the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Under equity accounting, the consolidated financial statements include the Group's share of the total recognised gains and losses of associates and joint ventures on an equity accounted basis, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases or until the associate or joint venture is classified as held for sale.

When the Group's share of losses exceeds its interest in an associate or joint venture, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate or joint venture.

Intra-Group balances and any unrealised gains and losses or income and expense arising from intra-Group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the equity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Group accounting policies (continued)

Accounting policies

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

There are no new standards that became effective during 2021 that have had a significant effect on the consolidated financial statements of the Group.

There are no new standards that will become effective during 2022 that are expected to have a significant effect on the consolidated financial statements of the Group.

Revenue recognition

Revenues are stated net of value added tax and are recognised when a contract with a customer has been identified and as each of the Group's performance obligations are fulfilled. Contract assets and liabilities are recognised on the balance sheet as accrued and deferred income, respectively. Each of the Group's significant revenues are recognised as described below:

Linear and digital advertising revenues

Revenues are stated net of advertising agency commissions and rebates.

Linear and digital advertising revenue are recognised on transmission of the advertisement. Revenue from sponsorship of the Group's programmes and films is recognised on a straight-line basis in accordance with the transmission schedule for each sponsorship campaign, reflecting the satisfaction of the Group's performance obligations.

Commission revenue earned from advertising representation for third parties is recognised on transmission of the related advertisements in line with contractual arrangements. Following the adoption of IFRS 15 'Revenues from Contracts with Customers' the Group reviewed its treatment of this revenue stream, concluding that it does not control the specified goods or services in these transactions before they are transferred to the customer, and therefore acts as an agent for these parties. The gross advertising sales of these arrangements are not recognised in revenue, but the commission earned by the Group in its capacity as agent is.

Revenues are recognised from barter and other similar contractual arrangements involving advertising when the services exchanged are dissimilar. Revenues are measured with reference to the fair value of the goods or services received. Judgement is required in assessing the fair value of the goods or services received. The total recognised for such revenues in 2021 is £63 million (2020: £44 million).

Non-advertising revenues

Revenues earned from syndicating content to third-party online platforms are typically generated from some or all of the following contractual arrangements:

- Licence fee income – revenue is recognised on a straight-line basis over the contract term as performance obligations are met
- Pence-per-view or revenue share – revenues are calculated based on the number of content views and are recognised when the amounts can be reliably measured

Revenues generated from the exploitation of programme rights are recognised when the rights are transferred to the customer, reflecting the fact that the Group's performance obligations have been fulfilled.

Revenues generated from the exploitation of developed film rights (for example, from theatrical box office releases) are recognised when revenues can be reliably measured.

The Group's contracts with customers do not contain significant financing components or material aspects of variable consideration.

Segment reporting

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

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

Taxation

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

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

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

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

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

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

Investments in associates and joint ventures

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

Group accounting policies (continued)

Other investments

Other investments includes equity holdings without significant influence. Equity investments are normally carried at fair value in accordance with IFRS 13 'Fair Value Measurement'. Level 1 and Level 2 inputs under IFRS 13 can be obtained for certain investments and used where available assessing their fair value. Where only Level 3 inputs are available (that is, where an active market value or other observable indicators of fair value cannot be obtained), the investment is recorded at cost less provision for impairment. The Members believe that this valuation reflects a reasonable approximation of fair value. On adopting IFRS 9 'Financial Instruments' during 2018 the Group elected to recognise any changes in the fair value of the Commercial Growth Fund investments through other comprehensive income, reflecting the fact that the management of these investments is not part of the Group's core activities.

Property, plant and equipment

Freehold land and buildings are stated at open market valuation (fair value, using Level 2 inputs per IFRS 13) and are revalued at 31 December each year. Directions from the Secretary of State for Digital, Culture, Media and Sport require freehold land and buildings to be valued at current value. The Members believe that the fair open market value approximates the current value.

Any gain arising from a change in fair value is recognised directly in other comprehensive income, unless the gain reverses an impairment of the same asset previously recognised in the income statement, in which case it is also recognised in the income statement. Any loss arising from a change in fair value is charged directly to other comprehensive income to the extent of any credit balance existing in the revaluation surplus of that asset. Otherwise, the loss is recognised in the income statement.

Fixtures, fittings and equipment are stated at cost less accumulated depreciation. Depreciation is calculated so as to write off the cost or valuation of the asset evenly, on a straight-line basis, over its estimated useful life. Useful lives are estimated taking into account the rate of technological change and the intensity of use of each asset. The annual rates used for this purpose are as follows:

Freehold buildings	2%
Computer hardware	25%–50%
Office equipment and fixtures and fittings	25%
Technical equipment	14%–25%

Freehold land is not depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or other changes in circumstances indicate that the carrying values may not be recoverable. Where an indicator of impairment exists, an estimate is made of the recoverable amount. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to the recoverable amount.

Intangible assets

Expenditure on internally developed computer software applications is capitalised to the extent that the project is technically and commercially feasible, sufficient resources exist to complete the development and it is probable that the asset will generate future economic benefits. The expenditure capitalised includes the cost of software licences, direct staff costs and consultancy costs.

Amortisation of capitalised software development costs is charged to the income statement on a straight-line basis over the estimated useful lives of the assets from the date that they are available for use. For capitalised computer software, the estimated useful life is between two and five years.

Other intangible assets acquired by the Group, including network distribution rights, are stated at cost less accumulated amortisation and any provision for impairment. Network distribution rights are amortised over an estimated useful life of 16 years. Broadcast licences are amortised over a useful life of seven years. Where assets are considered to have finite lives, amortisation is charged to the income statement on a straight-line basis over their estimated useful life. Brand intangibles are deemed to have an indefinite useful life and are tested annually for impairment.

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and subsequently measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation but is tested annually for impairment.

A gain realised on bargain purchase arising on the acquisition of an entity represents the excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition over the cost of acquisition.

Any gain realised on bargain purchase is recognised in the income statement in the year that it arises.

Impairment

An impairment charge is recognised if the carrying value of an asset or a cash-generating unit exceeds its estimated recoverable amount. Impairment charges are recognised in the income statement (with the exception of impairments which the Group has elected to recognise in other comprehensive income under IFRS 9 'Financial Instruments').

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

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

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

Group accounting policies (continued)

Reversal of impairments

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

Programme and film rights

All programme and film rights are valued at the lower of the direct cost incurred up to the balance sheet date and value to the Group. Development expenditure is included in programme and film rights after charging any expenditure that is not expected to lead to a commissioned programme, or a 'greenlit' film, directly to the income statement.

Programme and acquired film rights

Direct cost

Direct cost is defined as payments made or due to programme suppliers.

Payments for programme and film rights made in advance of taking delivery and/or of the legal right to broadcast the programmes are recorded in programme and film rights, but are separately identified as in the course of production. Before being included in programme rights, the rights are disclosed as contractual commitments (see note 18).

Value to the Group

Consistent with Channel 4's business model, in which programmes that generate more revenue cross-subsidise programmes with a higher public but sometimes lower commercial value, the value to the Group of the programme and acquired film rights portfolio is assessed on an aggregate basis.

This assessment is overlaid by an evaluation of individual programmes when there is an indicator that the value of these specific programmes may be less than originally envisaged. Value to the Group of individual programmes is assessed both qualitatively and quantitatively, with reference to the quality of programme that has ultimately been delivered and its expected viewing performance.

In certain instances Channel 4 is committed to funding the acquisition or production of specific programmes where the value to the Group no longer warrants the level of expenditure to which the Group is committed. In these instances provision is first made against the costs incurred to date and then a liability recognised to reflect the unavoidable costs in relation to the remaining commitment.

Amortisation

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

Developed film rights

Direct cost

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

Rights are recorded on the balance sheet when the Group commits to financing a film.

Value to the Group

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

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

To the extent that developed film rights are expected to generate revenue, where Channel 4's share of distribution revenues the film is anticipated to earn does not support the associated cost held within inventory, provision is made. The main assumptions employed to estimate future distribution revenues are minimum guaranteed contracted revenues and sales forecasts by territory.

Amortisation

Developed film rights expected to generate future revenues from distribution are held on the balance sheet and expensed to the income statement in the proportion that the revenue in the year bears to the estimated ultimate revenue, after provision for any anticipated shortfall. Management has rebutted the presumption under IAS 38 'Intangible Assets' and concluded that a revenue-based amortisation profile is appropriate for developed film rights as the revenue and consumption of economic benefits embodied in the film rights are highly correlated and management does not consider there to be any methodology that is more appropriate.

Trade and other receivables

Trade and other receivables are reflected net of any expected credit loss. For trade and other receivables with a remaining life of less than one year, the Group applies the practical expedient under IFRS 9 'Financial Instruments' to assume that there is no significant financing component, and the receivables are therefore measured at the transaction price. All other receivables are recognised at fair value, estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. The adoption of IFRS 9 in 2018 did not have a material impact on the value of the Group's trade and other receivables as it has no significant record of historical credit losses.

Trade and other payables

Trade and other payables are due for payment in less than one year. Trade and other payables are recognised based on contractual cash flows, and no differences have been identified between the book value of trade and other payables and their fair value.

Other financial assets

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

Cash and cash equivalents

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

Group accounting policies (continued)

Foreign currency

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

Derivative financial instruments

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

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

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

Leases

The Group adopted the lessee accounting model required under IFRS 16 'Leases' on 1 January 2019. This removes the distinction between finance leases and operating leases previously reflected in the Group's accounting policy.

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

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

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

Employee benefits – pensions

Defined benefit scheme

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

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

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

Defined contribution scheme

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

Provisions

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

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

Notes to the consolidated financial statements

1. Revenue

	2021 £m	2020 £m
Linear advertising revenue	835	689
Digital advertising revenue	224	161
Non-advertising revenue	105	84
Total revenue	1,164	934

Gross revenues from transactions with one individual external customer comprised more than 10% of the Group's revenues in 2021, amounting to £122 million (2020: £103 million). The Group's major customers are all media buying agencies. Approximately 5% of the Group's revenues (2020: 5%) are attributable to external customers outside the UK and these are therefore not separately presented.

The Group has material contracts with customers with a duration of more than one year, relating to partnerships and distribution of channels and services. The aggregate amount of the transaction price for these contracts allocated to performance obligations which are still unfulfilled as at 31 December 2021 is £105 million (2020: £70 million). The Group expects to recognise £33 million of revenue relating to these performance obligations in 2021 (2020: £27 million to be recognised in 2021), with the remainder recognised on a straight-line basis until 2023.

The Group recognised £30 million of revenue during 2021 that was recorded as a contract liability at the previous year end (2020: £28 million).

2. Cost of transmission and sales

	2021 £m	2020 £m
Content	671	522
Other content-related costs	88	79
Broadcast and transmission costs	99	99
Other cost of sales	166	125
Total cost of transmission and sales	1,024	825

The Group's cost of transmission and sales is reported here as one segment as described in the 'Group accounting policies' section on page 206. Other cost of sales includes direct costs of linear and digital advertising and rights, marketing, technology and audience research costs.

Notes to the consolidated financial statements (continued)

3. Other operating expenditure

Other operating expenditure includes:

	2021 £m	2020 £m
Depreciation of property, plant and equipment (notes 9, 11)	7	8
Amortisation of intangible assets (note 10)	2	2
Restructuring costs	1	1
Impairment of trade receivables (note 14)	–	–
Other administrative expenses	28	27
Other operating expenditure	38	38

In 2021, £2 million of restructuring costs were expensed to the income statement in respect of initiatives to increase operational efficiency within the Group (2020: £4 million). Of this amount, £1 million is recognised within Cost of transmission and sales, with the remainder in Other operating expenditure.

Auditor's remuneration

Fees in respect of services provided by the auditor were:

	2021 £000	2020 £000
Audit of these financial statements	324	230
Amounts receivable by auditor and their associates in respect of:		
Audit-related assurance services	45	40
Auditor remuneration	369	270

Notes to the consolidated financial statements (continued)

4. Employee expenses and information

A detailed analysis of Members' remuneration, including salaries and variable pay, is provided in the Members' Remuneration Report.

The direct costs of all employees, including Members, appear below:

	2021 £m	2020 £m
Aggregate gross salaries	83	77
Employer's National Insurance contributions	8	7
Employer's defined contribution pension contributions	5	6
Total direct costs of employment	96	90

During 2020, the Group claimed £1 million under the Coronavirus Job Retention Scheme, which was subsequently repaid to the Treasury by the year end. No claims were made under the scheme during 2021.

The Executive Members are considered to be the key management of the Corporation. As disclosed in the Members' Remuneration Report on page 187, the total remuneration of the Executive Members for the year ending 31 December 2021 is £2,544,000 (2020: £2,217,000).

The salary multiple of highest paid Executive Member to employees in the 25th, 50th and 75th percentiles was as follows:

	2021 £000	2020 £000
Total remuneration of highest paid Executive Member (page 187)	1,196	991
Total remuneration of employee at 75th percentile	86	94
Total remuneration of employee at 50th percentile	55	61
Total remuneration of employee at 25th percentile	40	43
Multiple of highest paid Executive Member to employee at 75th percentile	13.9	5.4
Multiple of highest paid Executive Member to employee at 50th percentile	21.7	16.2
Multiple of highest paid Executive Member to employee at 25th percentile	30.3	23.0

Total remuneration is defined as base salary, variable pay, employer pension contribution and other benefits. The total remuneration of employees in the 25th, 50th and 75th percentiles is calculated based on the methodology set out under Option A provided in the Companies (Miscellaneous Reporting) Regulations 2018.

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

	2021 Number	2020 Number
Commercial	238	230
Creative	377	314
Operational	396	356
4Talent	24	12
Total	1,035	912

The headcount calculation reflects the actual proportion of hours worked in a week for each individual employee. The employee information disclosed in this note excludes a small number of on-screen talent who are remunerated via Channel 4's payroll. 2020 figures have been restated to reflect current classification of roles by area.

Notes to the consolidated financial statements (continued)

5. Net finance expense

Net finance expense recognised in the year comprised:

	2021 £m	2020 £m
Interest receivable on short-term deposits	–	1
Net interest expense on pension scheme (note 19)	(1)	(2)
Other finance expense	–	(1)
Net finance expense	(1)	(2)

6. Income tax expense

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

	2021 £m	2020 £m
Current tax:		
Current year	9	7
Prior year	(3)	1
Deferred tax: origination and reversal of temporary differences (note 12)		
Current year	9	(2)
Prior year	(3)	(1)
Total income tax expense	12	5

Corporation tax is charged at the standard UK rate of 19% for the year (2020: 19%). An increase in this rate to 25% (effective 1 April 2023) was announced in the 2021 Spring Budget and substantively enacted on 24 May 2021. This will increase the Corporation's future tax charge accordingly. This change in rate has been reflected in calculating the Group's deferred tax balances.

Reconciliation of income tax:

	2021 Rate	2021 £m	2020 Rate	2020 £m
Surplus before income tax		101		74
Income tax using the domestic corporation tax rate	19.0%	19	19.0%	14
Effects of:				
Non-deductible expenses		1		1
Utilisation of brought forward losses		–		(9)
Impact of deferred tax rate change		(2)		–
Deferred tax not recognised		(4)		–
Other tax adjustments		(2)		(1)
Total income tax expense		12		5

The income tax expense excludes the Group's share of income tax of investments accounted for using the equity method of £nil (2020: £nil) which has been included in the Group's share of post-acquisition profits, net of income tax (note 7).

Notes to the consolidated financial statements (continued)

7. Investments accounted for using the equity method

The carrying value of the Group's investments accounted for using the equity method is as follows:

	Indie Growth Fund £m
Carrying value at 1 January 2020	7
Acquisitions	2
Disposals	(3)
Total carrying value at 31 December 2020	6
Carrying value at 1 January 2021	6
Acquisitions	4
Disposals	(1)
Impairment loss	(1)
Total carrying value at 31 December 2021	8

The Indie Growth Fund

In 2021, Channel 4 invested £4 million (2020: £2 million) in the Indie Growth Fund. Investment activity during 2021 reflected the Fund's strategy geared to fast-growing independent production companies in the Nations and Regions as well as digital and diverse businesses across the whole of the UK.

Channel 4 set out two key aims when launching the Indie Growth Fund. Firstly, to provide access to funding for a broad portfolio of small and medium-sized independent production companies based in the UK to help them grow and develop their business. Secondly, to put our capital to work in more remit-delivering ways and open Channel 4 up to sharing in the benefits of companies that go on to generate shareholder value in the medium term. Therefore, the Indie Growth Fund companies are held for investment purposes and it is not management's intention to control these entities. The Indie Growth Fund companies have been classified as associates as Channel 4 generally has commitments to purchase more than 20% of the equity and voting rights in these entities. Where this is not the case, management is satisfied that significant influence exists over these entities due to Channel 4's ability to influence, but not control, the financial and operating policies of these entities.

During 2021, Channel 4 sold its stake in one Indie Growth Fund entity – Lightbox Media Limited (for consideration of £1 million, recognising a gain on disposal of £nil). During 2020, Channel 4 sold its stakes in Eleven Film Limited and Whisper Films Limited for a total consideration of £9 million, recognising a total gain on disposal of £5 million. During 2021, Channel 4 received deferred consideration on the disposal of Eleven Film Limited, recognising a further gain on disposal of £1 million.

The Indie Growth Fund investments are assessed annually to identify any indicators of impairment, and if any are noted then a full impairment review is performed. An impairment loss of £1 million (2020: £nil) was recognised in non-operating expenditure.

Of the £671 million (2020: £522 million) total of programme rights recognised as expenses in 2020 (note 13), Channel 4 commissioned £11 million (2020: £15 million) of content from Indie Growth Fund companies. Channel 4 owed the Indie Growth Fund companies £nil in respect of these transactions at 31 December 2021 (2020: £nil).

Channel 4 had committed £nil for subsequent investment in the Indie Growth Fund entities as at 31 December 2021 (2020: £nil).

Notes to the consolidated financial statements (continued)

7. Investments accounted for using the equity method continued

The Indie Growth Fund is comprised of the following entities incorporated in the United Kingdom:

Company	Activity	Registered address	Proportion of equity owned at 31 December	
			2021	2020
Dial Square 86 Limited	TV programme production activities	Somerset House, Strand, London WC2R 1LA	4.7%	4.7%
Lightbox Media Limited	TV programme production activities	Regina House, 124 Finchley Road, London NW3 5JS	–	22.0%
Spelthorne Community Television Limited	TV programme production activities	2nd Floor, 63–64 Margaret Street, London W1W 8SW	25.0%	25.0%
Voltage TV Productions Limited	TV programme production activities	5 Elstree Gate, Borehamwood, Herts WD6 1JD	15.0%	15.0%
Parable Ventures Limited	TV programme production activities	64 New Cavendish Street, London W1G 8TB	18.0%	18.0%
Firecrest Films Limited	TV programme production activities	Fairfield, 1048 Govan Road, Glasgow G51 4XS	25.0%	25.0%
Two Rivers Media Limited	TV programme production activities	1st Floor, Tontine Building, 20 Trongate, Glasgow G1 5ES	17.0%	17.0%
Candour Productions Limited (formerly True Vision Yorkshire Limited)	TV programme production activities	18 The Glasshouse Studios, Fryern Court Road, Bургate, Fordingbridge, Hampshire SP6 1QX	25.0%	25.0%
Five Mile Films Limited	TV programme production activities	Lower Ground Floor, 2 St Pauls Road, Clifton, Bristol BS8 1LT	17.5%	18.0%
Eagle Eye Drama Limited	TV programme production activities	35 Soho Square, London W1D 3QX	25.0%	25.0%
Yeti Media Limited	TV programme production activities	Lon Cae Ffynnon Unit 1i, Cibyn Industrial Estate, Caernarfon LL55 2BD	25.0%	16.7%
Proper Content Limited	TV programme production activities	6th Floor, Charlotte Building, 17 Gresse Street, London W1T 1QL	25.0%	20%
Uplands Television Limited	TV programme production activities	93 Chatterton Road, Bromley BR2 9QQ	25.0%	–
Big Deal Films Limited	Artistic creation	Unit 6, 58-60 Minerva Road, London NW10 6HJ	25.0%	–
Duck Soup Films Limited	Motion picture production activities	2nd Floor South, Marshall Court, Leeds LS11 9YP	25.0%	–
Paper Entertainment Limited	TV programme production activities	Flat 50, The Nautilus Building, 3 Myddleton Passage, London EC1R 1XW	20.0%	–
Salamanda Media Limited	TV programme production activities	Room 2b, Unit 126 Metroplex Business Park, Broadway, Salford M50 2UW	20.0%	–
Spirit Media Studios Limited	Video production activities	PO Box 484, Teddington TW11 1DU	25.0%	–

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

Summary annual financial information of Indie Growth Fund investments

	Current assets £m	Non-current assets £m	Current liabilities £m	Long-term liabilities £m	Revenue £m	(Loss)/profit from continuing operations £m
2021	20	–	(15)	(4)	45	(1)
2020	27	–	(20)	(4)	40	(2)

Other

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

Company	Activity	Registered address	Proportion of equity owned at 31 December	
			2021	2020
European Broadcaster Exchange (EBX) Limited	Television programming and broadcasting activities	6th Floor, 65 Gresham Street, London EC2V 7NQ	25%	25%

Notes to the consolidated financial statements (continued)

8. Other investments

Channel 4 Ventures (formerly Commercial Growth Fund)

	Channel 4 Ventures £m	Other £m	Total £m
Carrying value at 1 January 2020	20	2	22
Acquisitions	3	4	7
Fair value movement	(1)	(1)	(2)
Disposals	(6)	(1)	(7)
Total carrying value at 31 December 2020	16	4	20
Carrying value at 1 January 2021	16	4	20
Acquisitions	18	–	18
Fair value movement	(3)	–	(3)
Disposals	(1)	–	(1)
Total carrying value at 31 December 2021	30	4	34

Channel 4 Ventures

During 2015, Channel 4 launched the Commercial Growth Fund (now renamed as Channel 4 Ventures), a fund with the aim of attracting new advertisers to TV and stimulating existing sectors. Channel 4 Ventures exchanges advertising airtime in return for equity shareholdings or convertible loan instruments. During 2021, the Corporation invested a further £19 million (2020: £3 million) in Channel 4 Ventures holdings.

Channel 4 Ventures investments are recorded at fair value. The Group elected to recognise any movement in the fair value of the Channel 4 Ventures investments through other comprehensive income from 1 January 2018 when it adopted IFRS 9 'Financial Instruments'. Fair value has been assessed against quoted prices in active markets where available or against other observable inputs. A net fair value loss of £3 million (2020: a net fair value loss of £2 million) has been recognised in other comprehensive income during 2021.

There were no other transactions with the Channel 4 Ventures companies in 2021 (2020: none).

Other investments

During 2020, Channel 4 acquired a £4 million equity shareholding in BritBox SVOD Limited.

During 2019, Channel 4 acquired a £2 million equity shareholding in Future plc as consideration relating to the sale of Barcroft Studios Limited, one of its Indie Growth Fund investments. The Group disposed of this holding during 2020.

Notes to the consolidated financial statements (continued)

9. Property, plant and equipment

	Freehold land and building £m	Fixtures, fittings and equipment £m	Assets under construction £m	Total £m
Cost or valuation				
At 1 January 2020	100	53	1	154
Additions	–	3	–	3
Transfers	14	(14)	–	–
Revaluation	(18)	–	–	(18)
At 31 December 2020	96	42	1	139
At 1 January 2021	96	42	1	139
Additions	2	6	1	9
Revaluation	–	–	–	–
At 31 December 2021	98	48	2	148
Depreciation				
At 1 January 2020	–	40	–	40
Charge for the year	2	5	–	7
Transfers	12	(12)	–	–
Revaluation	(14)	–	–	(14)
At 31 December 2020	–	33	–	33
At 1 January 2021	–	33	–	33
Charge for the year	2	4	–	6
Revaluation	(2)	–	–	(2)
At 31 December 2021	–	37	–	37
Net book value				
At 1 January 2021	96	9	1	106
At 31 December 2021	98	11	2	111
At 1 January 2020	100	13	1	114
At 31 December 2020	96	9	1	106

The Group had committed £5 million for expenditure on property, plant and equipment at the balance sheet date (2020: £nil). No assets have been pledged for security (2020: none).

Valuation of freehold property

The freehold property at 124 Horseferry Road, London SW1P 2TX was valued at 31 December 2021 by independent valuers CBRE Limited, in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. CBRE Limited has appropriate qualifications and recent experience in the fair value measurement of properties in the relevant location. The property was valued on the basis of open market value, which the Members believe approximates to current value. In reaching their conclusions, the valuers have paid attention to comparable transactions which have taken place in recent months within the Victoria area of London. They have also taken into account ongoing repair work to the building in arriving at their valuation.

The open market value for this property was £98 million (2020: £96 million). After additions made to the building during 2021 and depreciation charged on the open market value at 31 December 2021 (£2 million), a gain on revaluation of £2 million has been recognised in the statement of other comprehensive income (2020: loss on revaluation of £4 million).

Notes to the consolidated financial statements (continued)

9. Property, plant and equipment continued

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

	2021 £m	2020 £m
Cost	86	72
Additions	2	–
Transfers	–	14
Accumulated depreciation	(43)	(41)
Impairment	(6)	(6)
Net book value based on cost	39	39

10. Intangible assets

	Goodwill £m	Developed software £m	Broadcasting licence £m	Software under construction £m	Network distribution rights £m	Brands £m	Total £m
Cost							
At 1 January 2020	2	26	5	1	27	1	62
Disposal	–	(3)	–	–	–	–	(3)
At 31 December 2020	2	23	5	1	27	1	59
At 1 January 2021	2	23	5	1	27	1	59
Additions	–	–	–	3	–	–	3
Transfer	–	1	–	(1)	–	–	–
Disposal	–	(1)	–	–	–	–	(1)
At 31 December 2021	2	23	5	3	27	1	61
Amortisation							
At 1 January 2020	–	25	5	–	2	–	32
Amortisation for the year	–	–	–	–	2	–	2
Disposal	–	(3)	–	–	–	–	(3)
At 31 December 2020	–	22	5	–	4	–	31
At 1 January 2021	–	22	5	–	4	–	31
Amortisation for the year	–	–	–	–	2	–	2
At 31 December 2021	–	22	5	–	6	–	33
Carrying amount							
At 1 January 2021	2	1	–	1	23	1	28
At 31 December 2021	2	1	–	3	21	1	28
At 1 January 2020	2	1	–	1	25	1	30
At 31 December 2020	2	1	–	1	23	1	28

Goodwill represents goodwill arising on the acquisition of Global Series Network Limited ('GSN') on 30 July 2015. GSN holds the rights to the Walter Presents foreign language content transmitted across the Channel 4 portfolio.

Developed software represents amounts capitalised on internally developed computer software, principally in relation to the management of advertising and sponsorship revenues, and programme scheduling applications meeting the recognition criteria for internally generated intangible assets.

The network distribution rights and brands arose during 2018 on the acquisition of Box Plus Network Limited ('Box').

Notes to the consolidated financial statements (continued)

11. Lease assets and liabilities

Right-of-use assets

	Property £m	Total £m
At 1 January 2020	3	3
Additions and changes in terms	10	10
Charge for the year	(1)	(1)
At 31 December 2020	12	12
At 1 January 2021	12	12
Additions and changes in terms	(1)	(1)
Charge for the year	(1)	(1)
At 31 December 2021	10	10

The Group expenses short-term leases and low-value assets as incurred in accordance with the exemption permitted by IFRS 16. These expenses amounted to £0.1 million in 2021 (2020: less than £0.1 million).

Lease liabilities

	Property £m	Total £m
Current		
Within one year	1	1
Non-current		
Between two to five years	3	3
Greater than five years	6	6
Total	10	10

The interest expense relating to lease liabilities under IFRS 16 was £0.1 million in 2021 (2020: £0.1 million).

12. Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised at 25% (2020: 19%) reflecting the corporation tax rate substantively enacted as at 31 December 2021.

	Assets 2021 £m	Assets 2020 £m	Liabilities 2021 £m	Liabilities 2020 £m	Net 2021 £m	Net 2020 £m
Property, plant and equipment	5	3	–	–	5	3
Employee benefits	7	13	–	–	7	13
Trading losses	5	10	–	–	5	10
Temporary differences on acquired intangible assets	–	–	(6)	(5)	(6)	(5)
Total deferred tax assets/liabilities	17	26	(6)	(5)	11	21

A deferred tax asset is only recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised (either now or in later accounting periods). At 31 December 2021, based on long-term forecasts, and in line with the Group's aim to remain commercially self-sustainable in the long term, management considers it probable that future taxable profit will be available against which to recognise these assets. Unrecognised deferred tax assets include losses carried forward that the Group is not yet able to utilise.

Unrecognised deferred tax assets and liabilities

Deferred tax assets have not been recognised in respect of:

	2021 £m	2020 £m
Carried forward capital losses	1	1
Carried forward trading losses	–	4
Tax assets	1	5

Notes to the consolidated financial statements (continued)

12. Deferred tax assets and liabilities continued

Movements in temporary differences during the year

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

	Balance at 1 Jan 2021 £m	Recognised in income £m	Recognised in other comprehensive income £m	Merger accounting adjustment £m	Balance at 31 Dec 2021 £m
Property, plant and equipment	3	2	–	–	5
Employee benefits	13	(2)	(4)	–	7
Trading losses	10	(5)	–	–	5
Temporary differences on acquired intangible assets	(5)	(1)	–	–	(6)
Total deferred tax assets/liabilities	21	(6)	(4)	–	11

	Balance at 1 Jan 2020 £m	Recognised in income £m	Recognised in other comprehensive income £m	Merger accounting adjustment £m	Balance at 31 Dec 2020 £m
Property, plant and equipment	3	–	–	–	3
Employee benefits	13	–	–	–	13
Trading losses	6	4	–	–	10
Temporary differences on acquired intangible assets	–	–	–	(5)	(5)
Channel 4 deferred tax assets	22	4	–	(5)	21
Temporary differences on acquired intangible assets	(4)	(1)	–	5	–
Group deferred tax assets	18	3	–	–	21

13. Programme and film rights

	2021 £m	2020 £m
Programmes and films completed but not transmitted	120	95
Acquired programme and film rights	51	56
Programmes and films in the course of production	128	89
Total programme and film rights	299	240

Programme and film rights held on the balance sheet have increased since 2020 as the hurdles to production posed by Covid-19 have lifted, and commissioning and acquisitions activity has returned to pre-pandemic levels.

Certain programmes and film rights may not be utilised within one year but are expected to be consumed during the normal operating cycle and are therefore disclosed as current assets. The proportion of total programme and film rights not expected to be utilised within one year is 10% (2020: 13%).

Programmes and films in the course of production are disclosed within programme and film rights, rather than within prepayments, as management believes this most clearly reflects the total value of current assets relating to the production of content and that it is most useful to the readers of the financial statements to include the total value of current assets relating to the production and acquisitions of content in one line on the balance sheet.

Programme and film rights to the value of £671 million were recognised as expenses in the year across the main and digital television channels (2020: £522 million). Of this amount, obsolete programmes and developments written off totalled £48 million (2020: £28 million).

Programme and film rights include £31 million (2020: £26 million) in respect of developed film rights.

Notes to the consolidated financial statements (continued)

14. Trade and other receivables

	2021 £m	2020 £m
Trade receivables	170	186
Prepayments	34	25
Accrued income	20	18
Total trade and other receivables	224	229

There is no difference between the fair value and book value of trade and other receivables. Trade receivables are shown net of impairment charges amounting to £nil (2020: net of £1 million impairment initially recognised during 2019 in relation to outstanding balances from customers).

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

(i) Trade receivables

Credit risk with respect to trade receivables is principally related to amounts due from advertising agencies and retailers. A risk strategy exists to protect these receivables including insurance for most customers. Exposure is monitored continually and reviewed on a weekly basis, and any issues are formally reported. Based on credit evaluation and discussions with insurers, customers may be required to provide security in order to trade with the Group.

The Group may establish an allowance for impairment that represents our expected credit loss in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures. Losses with regard to these receivables are historically low as advertising revenue is either protected by trade credit insurance or pre-paid prior to transmission. The Group's expected lifetime credit loss at 31 December 2021 was £nil (2020: £1 million in line with a provision held at that date).

(ii) Counterparty

See interest rate risk and exposure in note 15.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure at the balance sheet date in relation to trade receivables was £170 million for the Group (2020: £186 million), with £115 million of other financial assets (2020: £110 million), and cash and cash equivalents of £157 million (2020: £166 million). The exposure to credit risk all arises in the UK.

Trade receivables of £170 million for the Group (2020: £186 million) were aged under six months or were not yet due under standard credit terms at the balance sheet date. £139 million of the receivables were insured at the balance sheet date (2020: £162 million) and £167 million (2020: £184 million) has been subsequently collected by the Group since the balance sheet date.

Notes to the consolidated financial statements (continued)

15. Treasury

	2021 £m	2020 £m
Bank balances	37	7
Money market funds ¹	90	139
Money market deposits with initial maturity of less than three months	30	20
Cash and cash equivalents	157	166
Money market deposits with initial maturity of more than three months	10	10
<i>Investment funds</i>	105	100
Other financial assets²	115	110

1 Amounts held in money market funds are repayable within seven days.

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

There is no difference between the fair value and book value of cash, cash equivalents and other financial assets.

Cash flow information

	2021 £m	2020 £m
Cash and cash equivalents at 1 January	166	130
Other financial assets at 1 January	110	7
Borrowings at 1 January	(75)	-
Total net cash reserves¹ at 1 January	201	137
Net cash flow from/(used in) operating activities	103	62
Net cash flow (used in)/from investing activities	(31)	3
Net cash flow used in financing activities	(1)	(1)
Total cash flow	71	64
Cash and cash equivalents at 31 December	157	166
Other financial assets at 31 December	115	110
Borrowings as at 31 December	-	(75)
Total net cash reserves¹ at 31 December	272	201

1 The Group presents net cash reserves as an alternative performance measure; an explanation of this APM is provided on page 207. Net cash reserves represents the total of Cash and cash equivalents and Other financial assets above net of cash borrowings.

Interest rate risk and exposure

The Group invests surplus cash in fixed-rate money market deposits, high-interest bank accounts and variable and constant net asset value money market funds. Funds are invested only with an agreed list of counterparties that carry a minimum of an A- credit rating or equivalent from Standard and Poor's and Moody's credit rating services with government support, or with money market funds that have an AAA credit rating from either of these credit rating services.

It is estimated that if interest rates had been 0.5% points lower/higher throughout the year, with all other variables held constant, the Group's surplus before tax would have been £1 million lower/higher (2020: £1 million).

At the balance sheet date, the Group had no debt and was not exposed to fluctuations in interest rates. In 2018 the Group entered into a revolving credit facility ('RCF'), providing £75 million of additional liquidity. The facility is unsecured and is committed with a single tangible net worth covenant. This facility was drawn down in full during 2020 to provide additional liquidity, if required, as part of the Group's response to the Covid-19 outbreak. None of this additional funding was utilised at any point during 2020 or 2021, and the facility was repaid in full in June 2021. After the balance sheet date, this facility was renewed for a further five-year term and now runs until March 2027.

Notes to the consolidated financial statements (continued)

15. Treasury continued

The interest rate profile of the Group's cash and deposits at 31 December 2021 and 31 December 2020 is set out below:

	Effective interest rate 2021 %	Effective interest rate 2020 %	Total 2021 £m	Total 2020 £m
Interest-bearing deposits maturing in less than three months held in Sterling	0.1	0.0	152	165
Interest-bearing deposits maturing in less than three months held in foreign currencies	0.0	0.0	5	1
Total cash and cash equivalents	0.1	0.0	157	166
Money market deposits maturing after three months held in Sterling	0.2	0.3	10	10
Investment funds	0.1	0.8	105	100
Other financial assets	0.1	0.8	115	110

Foreign currency risk and derivative financial instruments

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

The Group does not have any material foreign subsidiaries and as a result is not exposed to translational foreign currency risk in this regard. The Group is exposed to currency movements on foreign cash holdings. Amounts held by currency are detailed above within the analysis of the Group's and Channel 4's cash and deposits.

At 31 December 2021, the total value of forward contracts used as economic hedges of monetary liabilities was £nil (2020: £nil). At 31 December 2021, these have been revalued with reference to forward exchange rates based on maturity. The change in fair value of £nil (2020: £nil) has been recognised in the income statement and the associated liability recorded on the balance sheet as at 31 December 2021. The forward contracts have been assessed as Level 2 in the fair value hierarchy under IAS 13 and assessed against observable market inputs.

	Maturity within 12 months of balance sheet date	Maturity within 12 months of balance sheet date	Maturity more than 12 months after balance sheet date	Maturity more than 12 months after balance sheet date	Total	Total
	2021 No.	2020 No.	2021 No.	2020 No.	2021 No.	2020 No.
Forward contracts to purchase US Dollars	1	–	–	–	1	–
Forward contracts to purchase Euros	–	–	–	–	–	–
Total forward contracts with fixed maturity dates	1	–	–	–	1	–

It is estimated that if Sterling had strengthened/weakened by 10% at the balance sheet date against other currencies, with all other variables held constant, the Group's deficit before tax would have been £1 million lower/higher (2020: £nil).

Market risk

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

The Audit & Risk Committee is responsible for approving the treasury policy for the Group. The Group's policy is to ensure that adequate liquidity and financial resource is available to support the Group's continuing activities and growth while managing the risks described above. The Group's policy is not to engage in speculative financial transactions. The Group does not seek to apply hedge accounting. The Group's treasury and funding activities are undertaken by a treasury function, whose work is overseen by a Treasury Risk Committee reporting to the Finance Director. Its primary activities are to manage the Group's liquidity, funding requirements and financial risk, principally arising from movements in interest and foreign currency exchange rates within the parameters of the approved treasury policy.

Notes to the consolidated financial statements (continued)

16. Trade and other payables

	2021 £m	2020 £m
Trade payables	14	16
Taxation and social security	1	1
Other creditors	76	61
Accruals	232	182
Deferred income	40	30
VAT	26	36
Total trade and other payables	389	326

There is no difference between the fair value and book value of trade and other payables. The contractual cash flows are equal to the carrying amount and are payable within six months or less at 31 December 2021 and 2020.

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

The number of days taken to pay suppliers of services in 2021, as calculated using average payable balances, was seven (2020: eight). This is significantly lower than the Group's standard payment terms due to the impact of the immediate payment terms described above.

Under HMRC's deferral scheme, the Group deferred £10 million of VAT payments for Q1 and Q2 2020, and has repaid £9 million in instalments as at December 2021, with the remainder repaid in early 2022.

Liquidity risk

Liquidity risk is the risk that the Group fails to meet its financial obligations as they fall due. The management of operational liquidity risk aims primarily to ensure that the Group always has a liquidity buffer that is able, in the short term, to absorb the net effects of transactions made and expected changes in liquidity both under normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation. The cash balances held by the Group and, from March 2018, the £75 million revolving credit facility, are considered to be sufficient to support the Group's medium-term funding requirements.

17. Provisions

	Onerous lease/ dilapidations £m	Restructuring costs £m	Total £m
At 1 January 2020	–	2	2
Utilised in the year	–	(2)	(2)
Charged to the income statement	1	1	2
At 31 December 2020	1	1	2
At 1 January 2021	1	1	2
Utilised in the year	–	(1)	(1)
Charged to the income statement	–	2	2
At 31 December 2021	1	2	3

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

	2021 £m	2020 £m
Current	2	1
Non-current	1	1
Total	3	2

Contingent liabilities

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

Notes to the consolidated financial statements (continued)

18. Commitments

	Due within 1 year £m	Due within 2-5 years £m	Due after 5 years £m	Total £m
2021				
Programme commitments	414	224	–	638
Transmission contracts	29	73	52	154
Total	443	297	52	792
2020				
Programme commitments	405	226	1	632
Transmission contracts	29	89	61	179
Total	434	315	62	811

Transmission contracts represent committed capacity costs for transmission on the digital terrestrial and satellite network. Committed payments for digital terrestrial transmission capacity costs amounted to £21 million in 2021 (2020: £26 million). The digital terrestrial transmission contracts expire between 2020 and 2031. Committed payments for satellite transmission capacity costs were £8 million in 2020 (2020: £8 million). The satellite transmission contracts expire in 2024.

In addition to the above, the Group is party to the shareholder agreement for Digital 3 and 4 Limited. The Group is committed to meeting its share of contracted costs entered into by that company. The Group's share of Digital 3 and 4 Limited's committed payments was £25 million in 2021 (2020: £24 million) and is forecast to be £25 million in 2022. Digital 3 and 4 Limited has entered into long-term distribution contracts that expire in 2028 and 2034 and the Group is committed to funding its contractual share.

The Group's commitments for further subscriptions for minority shareholdings in companies in the Indie Growth Fund as at 31 December 2021 are disclosed in note 7.

19. Employee benefits – pensions

Prior to 2015, the Group operated a defined benefit pension scheme – the Channel 4 Television Staff Pension Plan (the 'Plan'), providing benefits based on final salary for employees. The scheme closed to future accrual with effect from 31 December 2015 without material impact to the Group's defined benefit obligation.

Nature of benefits, regulatory framework and governance

The Plan is a registered defined benefit final salary scheme subject to the UK regulatory framework for pensions, including the Scheme Specific Funding requirements. The Trustees of the Plan are responsible for operating the Plan and have a statutory responsibility to act in accordance with the Plan's Trust Deed and Rules, in the best interests of the beneficiaries of the Plan, and UK legislation (including Trust law). The employer has the power to set the contributions that are paid to the Plan, following advice from the scheme actuary. However, these must be agreed by the Trustees to the extent required by Part 3 of the Pensions Act 2004 (Scheme Funding).

Risks to which the Plan exposes the employer

The nature of the Plan exposes the employer to the risk of paying unanticipated additional contributions to the Plan in times of adverse experience. The most financially significant risks are likely to be:

- members living for longer than expected;
- higher than expected actual inflation and salary increase experience;
- lower than expected investment returns; and
- the risk that movements in the value of the Plan's liabilities are not met by corresponding movements in the value of the Plan's assets.

The sensitivity analysis disclosed on page 228 is intended to provide an indication of the impact on the value of the Plan's liabilities of the risks highlighted.

Plan amendments, curtailments and settlements

There have not been any material curtailments or settlements during the year.

Notes to the consolidated financial statements (continued)

19. Employee benefits – pensions continued

Investment strategy

The Trustees' primary objectives are that the Plan should meet benefit payments as they fall due; and that the Plan's funding position should remain at an appropriate level. The Trustees are aware that there are various measures of funding, and have given due weight to those considered most relevant to the Plan.

The Trustees' investment objective is to target an appropriate return on the Plan's assets to meet the objectives above whilst managing and maintaining investment risk, taking into account the strength of the employer covenant.

The Trustees, with the help of their advisers and in consultation with Channel 4, undertake a review of investment strategy from time to time. This includes consideration of the broad split between growth and matching assets, as well as asset class and asset manager arrangements. The Trustees have also considered how social, environmental and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Plan and its members.

The Trustees regularly seek advice from their investment adviser about the benchmark allocation and consider the impact of further opportunities to enhance the current investment strategy, taking into account market conditions and anticipated future cash flows.

The assets have a diversified mix of UK and global equities and bonds. The portfolio also contains a multi-asset portfolio with an absolute return focus, and bond assets are invested in a dynamic liability driven investment ('LDI') portfolio, so that the Plan's assets better match its liabilities under movements in long-term interest rates and inflation assumptions.

The most recent investment strategy discussions, which took place during 2019, focused on efficiently achieving returns. Due to new offerings in the LDI market, the Plan was able to increase its credit exposure and maintain its exposure to equities, whilst leaving the levels of interest rate and inflation liability matching broadly the same.

The 2019 review, which occurred in conjunction with the actuarial valuation as at 31 December 2018, resulted in the Plan:

- replacing its passive global equity allocation with equity-linked LDI (which maintained overall equity exposure);
- replacing part of the existing LDI allocation with credit-linked LDI (introducing credit exposure but, in combination with the above switch, maintaining overall liability matching); and
- increasing its allocation to absolute return bonds.

These changes increased the expected return of the investment portfolio whilst keeping the investment risk to an acceptable level.

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

The next formal actuarial valuation of the Plan, as at 31 December 2021, is underway and the Trustees, in conjunction with their investment advisors, will review the current investment strategy and implement any changes as necessary.

Notes to the consolidated financial statements (continued)

19. Employee benefits – pensions continued

Amounts recognised in the consolidated balance sheet

	2021 £m	2020 £m
Present value of funded obligations	(576)	(590)
Fair value of Plan assets	547	522
Recognised liability for defined benefit obligations	(29)	(68)

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

	2021 £m	2020 £m
Fair value of scheme assets at 1 January	522	453
Interest income on Plan assets	7	9
Return on Plan assets (excluding amounts in interest income)	19	67
Employer contributions net of charges	10	9
Benefits paid	(11)	(16)
Fair value of scheme assets at 31 December	547	522

The fair value of the Plan assets at the balance sheet date is comprised as follows:

	2021 £m	2020 £m
Overseas and emerging markets equity	70	63
Total equity securities	70	63
Corporate bonds	91	90
Infrastructure	57	50
Total debt securities	148	140
Multi-asset absolute return	52	47
Liability driven investments	235	228
Total investment funds	287	275
Cash and cash equivalents	1	1
Annuity policy buy-in	41	43
Fair value of scheme assets at 31 December	547	522

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

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

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

	2021 £m	2020 £m
Present value of scheme liabilities at 1 January	590	532
Interest expense on pension scheme liabilities	8	11
Remeasurement deficit on plan liabilities arising from changes in demographic assumptions	2	–
Remeasurement (gain)/deficit on plan liabilities arising from changes in financial assumptions	(34)	71
Experience remeasurement	21	(8)
Benefits paid	(11)	(16)
Present value of scheme liabilities at 31 December	576	590

Notes to the consolidated financial statements (continued)

19. Employee benefits – pensions continued

Expenses recognised in the income statement arose as follows:

	2021 £m	2020 £m
Net interest expense	1	2
Net charge to income statement	1	2

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

	2021 £m	2020 £m
Remeasurement gain/(deficit) on plan liabilities	11	(63)
Remeasurement gain on plan assets (excluding amounts in interest income)	19	67
Net remeasurement surplus/(deficit) on pension scheme	30	4

The cumulative amount of net remeasurement deficits/gains recognised in the statement of changes in equity since transition to IFRS is a £111 million deficit (2020: £140 million deficit).

Principal actuarial assumptions at the balance sheet date

	2021 %	2020 %
Discount rate	1.90	1.30
Rate of increase in salaries	2.40	2.00
Rate of increase in pensions	3.15	2.80
Inflation	3.25	2.85

	2021 years	2020 years
Life expectancy from 65 (now aged 45) – male	23.8	23.5
Life expectancy from 65 (now aged 45) – female	26.7	26.1
Life expectancy from 65 (now aged 65) – male	22.1	22.4
Life expectancy from 65 (now aged 65) – female	24.9	24.9

These assumptions were adopted in consultation with the independent actuary to the Channel Four Television Staff Pension Plan. If experience is different from these assumptions, or if the assumptions need to be amended in future, there will be a corresponding impact on the net pension scheme liability recorded on the Group balance sheet. The expected returns on Plan assets are set by reference to historical returns, current market indicators and the expected long-term asset allocation of the Plan.

Sensitivity analysis

The table below sets out the sensitivity of the scheme's pension liabilities to changes in actuarial assumptions, showing the revised present value of scheme liabilities in each scenario:

	2021 £m	2020 £m
0.5% decrease in discount rate	638	657
1 year increase in life expectancy	599	613
0.5% increase in salary assumptions	579	594
0.5% increase in inflation (and inflation-linked) assumptions	620	645

The sensitivities disclosed are calculated using approximate methods taking into account the duration of the Plan's liabilities.

Notes to the consolidated financial statements (continued)

19. Employee benefits – pensions continued

Funding arrangements

The Plan was closed to future accrual with effect from 31 December 2015. The Corporation's contributions to the scheme are determined by a qualified independent actuary (the 'Actuary to the Plan') on the basis of triennial valuation using the projected unit method. The most recent triennial valuation was carried out as at 31 December 2018. The results of the valuation at 31 December 2018 showed that the scheme's assets represented 75% of the benefits that had accrued to members, reflecting a deficit of £134 million. The next triennial valuation will be carried out as at 31 December 2021.

Following the valuation and discussions with the Actuary to the Plan, the Trustees and the Board agreed a revised schedule of contributions to reduce the Plan's funding deficit of £9 million per annum from January 2020 until August 2028.

The weighted average duration of the Plan's defined benefit obligation is approximately 22 years. The majority of the Plan's benefits are to be paid as annuities from retirement of a member until their death.

In accordance with the fund rules, the Corporation can realise any surplus on the winding up of the scheme after all other benefits have been paid. As a result, no adjustment is required in respect of IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'.

20. Related party transactions

Members

Details of transactions in which Members have an interest are disclosed in the Report of the Members (page 171).

Details of Members' remuneration are shown in the Members' Remuneration Report (page 187).

Key management personnel

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

Joint ventures and associates

Details of transactions between the Group and its joint ventures and associates as at 31 December 2021 are disclosed in note 7.

Other

The Group also contributes to the funding of the following organisations, each of which is incorporated in the United Kingdom. The table below presents the Group's ownership of the entities, or legal guarantee (indicated with *), and transactions with them during the year.

Name	Nature of business	Share class	Ownership interest	Services received		Funding and services provided	
				2021 £m	2020 £m	2021 £m	2020 £m
Broadcasters' Audience Research Board Limited	Research	*	–	–	–	2	2
Clearcast Limited	Regulator	Ordinary, deferred	25.0%	–	–	1	2
Digital 3 and 4 Limited	Operator	'A' Ordinary	50.0%	1	1	25	24
DTV Services Limited	Marketing	Ordinary	20.0%	6	7	3	4
Digital UK	Marketing	*	–	–	–	2	2
Thinkbox Limited	Marketing	Ordinary	20.0%	1	1	2	2
YouView Limited	Platform	Voting, non-voting	14.3%	–	–	1	1

The Group had £nil trade payables remaining with the organisations listed above at 31 December 2021 (2020: £1 million). No dividends were received in 2021 (2020: £nil) from any of the related parties listed above.

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

Notes to the consolidated financial statements (continued)

21. Post Balance Sheet Events

In July 2021, the Government announced a consultation on the future ownership of Channel 4, which took place over the second half of the year. In April 2022, following the balance sheet date, the Government published a White Paper in which it set out its intention to proceed with the privatisation of Channel 4. This is expected to require a lengthy legislative process, with the Group continuing to operate as normal and a continued focus on the delivery of its remit while this takes place.

Management's assessment is that this announcement does not represent an adjusting event for the 2021 financial statements under IAS 10 *Events After The Reporting Period*, and that the proposals are at too early a stage to quantify any potential future impact on the Group's financial statements arising as a result.

Channel 4 balance sheet

as at 31 December

	Group note	Channel 4 note	2021 £m	2020 £m
Assets				
Property, plant and equipment	9		111	106
Right-of-use asset	11		10	12
Intangible assets		2	22	22
Other investments		3	4	4
Deferred tax assets	12		17	26
Total non-current assets			164	170
Programme and film rights		4	293	235
Trade and other receivables		5	220	226
Other financial assets		6	115	110
Cash and cash equivalents		6	152	161
Total current assets			780	732
Total assets			944	902
Liabilities				
Employee benefits – pensions	19		(29)	(68)
Lease liabilities	11		(10)	(12)
Deferred tax liabilities			(6)	(5)
Total non-current liabilities			(45)	(85)
Trade and other payables		7	(502)	(450)
Current tax payable			–	(3)
Provisions	17		(3)	(2)
Borrowings	15		–	(75)
Total current liabilities			(505)	(530)
Total liabilities			(550)	(615)
Net assets			394	287
Revaluation reserve			54	52
Other retained earnings			340	235
Total equity			394	287

As permitted by section 408 of the Companies Act 2006, the Corporation has not presented its own income statement. A surplus of £79 million has been recognised in relation to the Corporation in 2021.

The financial statements on pages 231 to 236 were approved by the Members of the Board on 4 May 2022 and were signed on its behalf by:

Sir Ian Cheshire
Chair

Alex Mahon
Chief Executive

The notes on pages 234 to 236 form part of these financial statements.

Channel 4 statement of changes in equity

for the year ended 31 December

	Group note	Channel 4 note	Retained earnings £m	Revaluation reserve £m	Total equity £m
At 1 January 2020			178	56	234
Surplus for the year			62	–	62
Net remeasurement surplus on pension scheme	19		4	–	4
Revaluation of freehold land and buildings	9		–	(4)	(4)
Merger accounting adjustment		2	(9)	–	(9)
Total comprehensive income/(expense) for the year			57	(4)	53
At 31 December 2020			235	52	287
At 1 January 2021			235	52	287
Surplus for the year			79	–	79
Net remeasurement surplus on pension scheme	19		30	–	30
Revaluation of freehold land and buildings	9		–	2	2
Deferred tax on pension	12		(4)	–	(4)
Total comprehensive income for the year			105	2	107
At 31 December 2021			340	54	394

Channel 4 accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, except that freehold properties, derivatives and certain financial instruments are stated at fair value, and are presented in Pounds Sterling, rounded to the nearest million.

The financial statements have been prepared under the Financial Reporting Standard 101 'Reduced Disclosure Framework'. The Corporation's financial result and balance sheet are included in the consolidated financial statements presented on pages 204 to 230. As permitted by Financial Reporting Standard 101, the Corporation has not presented its own cash flow statement and has not provided the disclosures required by IFRS 7 'Financial Instruments: Disclosures'.

As permitted by section 408 of the Companies Act 2006, the Corporation has not presented its own income statement. A surplus of £79 million (2020: £62 million deficit) was recorded in relation to the Corporation. Accounting policies applied in the preparation of the Corporation's financial statements are consistent with the Group policies presented on pages 204 to 209, except as stated below.

In preparing these financial statements the Corporation has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include disclosure of related party transactions with other wholly owned members of the Group headed by the Corporation. Details of transactions between the Group and its related parties are disclosed in Group note 20 on page 229.

Investments in subsidiaries

Investments in subsidiaries are carried at historical cost less provision for impairment.

Investments in associates and joint ventures

Investments in associates and joint ventures are carried at historical cost less provision for impairment.

Equity investments

Equity investments represent equity holdings without significant influence. Equity investments are normally carried at fair value. Where an active market value is not available, the Members believe that valuation at cost less provision for impairment is a reasonable approximation of fair value.

Trade and other receivables

Trade receivables are reflected net of any expected credit loss.

Critical accounting judgements and sources of estimation uncertainty

The critical accounting judgements made by management and the sources of estimation uncertainty in the application of IFRS that have a significant risk of material adjustment on the financial statements of the Corporation are considered to be programme and film rights amortisation and the classification of transponder assets as service contracts under IFRS 16, as disclosed for the Group on page 204.

Notes to the Channel 4 financial statements

1. Operating expenditure

Auditor's remuneration

Fees in relation to the audit of the Corporation financial statements and additional fees paid to the auditor for the year ended 31 December 2021 are presented in note 3 to the consolidated financial statements on page 211.

Staff costs

All staff costs are borne by Channel 4 and are presented in note 4 to the consolidated financial statements on page 212 and in the Members' Remuneration Report on pages 185 to 192. The average monthly number of employees of the Corporation is 1,035 (2020: 904), classified as shown below:

2021	Male no.	Female no.
Executive team	8	5
Senior managers	21	17
Employees	422	553
Total employees	451	575
Non-Executive Members	6	3
Total including Non-Executive Members	457	578

The key management of the Corporation are considered to be the same as for the Group, as disclosed in Group note 4.

2. Intangible assets

	Developed software £m	Assets under construction £m	Network distribution rights £m	Brands £m	Negative goodwill £m	Total £m
Cost						
At 1 January 2020	26	1	–	–	–	27
Merger accounting adjustment	–	–	27	1	(5)	23
Disposal	(3)	–	–	–	–	(3)
At 31 December 2020	23	1	27	1	(5)	47
At 1 January 2021	23	1	27	1	(5)	47
Additions	–	3	–	–	–	3
Disposal	(1)	–	–	–	–	(1)
At 31 December 2021	22	4	27	1	(5)	49
Amortisation						
At 1 January 2020	25	–	–	–	–	25
Merger accounting adjustment	–	–	4	–	(1)	3
Disposal	(3)	–	–	–	–	(3)
At 31 December 2020	22	–	4	–	(1)	25
At 1 January 2021	22	–	4	–	(1)	25
Amortisation for the year	–	–	2	–	–	2
At 31 December 2021	22	–	6	–	(1)	27
Carrying amount						
At 1 January 2021	1	1	23	1	(4)	22
At 31 December 2021	0	4	21	1	(4)	22
At 1 January 2020	1	1	–	–	–	2
At 31 December 2020	1	1	23	1	(4)	22

During 2020, the trade and assets of The Box Plus Network ('Box'), previously a 100% owned subsidiary, were hived up into the Corporation, as part of Box's operational integration into Channel 4 following the full acquisition of the business in 2018. As a result of this transaction, intangibles with a net book value of £24 million which were recognised on consolidation of Box into the Group following the full acquisition are now recognised in the Corporation's books. This transaction also resulted in a £9 million adjustment to the Corporation's retained earnings to retrospectively recognise the accounting treatment of these intangible assets under FRS 101.

Notes to the Channel 4 financial statements (continued)

3. Investments

Subsidiary undertakings and joint ventures

The cost of investments at 31 December is:

	2021 £000	2020 £000
4 Ventures Limited	1	1

The subsidiary undertakings incorporated in the United Kingdom at 31 December 2021 are as follows. Where the Members have taken the exemption under Companies Act s479A from having an audit of the financial statements for subsidiaries controlled and consolidated by the Group, this is noted below:

Name	Company number	Nature of business	Issued ordinary £1 shares	Ownership interest
Registered office address is: 124 Horseferry Road, London SW1P 2TX				
4 Ventures Limited ¹	04106849	Intermediate holding company and non-primary function activities	1,000	100%
Film Four Limited ^{1,2}	03075944	Film distribution	1,000	100%
Channel Four Investments Limited ^{1,2}	08950142	Indie Growth Fund	1	100%
The Box Plus Network Limited ¹	02643552	Non-trading	1,000	100%
Global Series Network Limited ^{1,2}	09086979	TV and film distribution	2,000	100%
GSN Holdings International Limited ^{1,2}	10526433	TV and film distribution	1,000	82.5%
Channel Four Television Company Limited	01533774	Non-trading	100	100%
E4.com Limited ²	04063871	Non-trading	1,000	100%
E4 Television Limited ²	04060680	Non-trading	1,000	100%
Film on Four Limited ²	01915181	Non-trading	100	100%
Sport on Four Limited ²	01637216	Non-trading	2	100%

1 Exemption from audit of subsidiary financial statements taken by the Members.

2 Indirect shareholding through 4 Ventures Limited.

Associated undertakings

For the Corporation's indirect shareholdings in the Indie Growth Fund through Channel Four Investments Limited and European Broadcast Exchange ('EBX') Limited, refer to Group note 7.

For the Corporation's indirect shareholdings in Channel 4 Ventures through 4 Ventures Limited, refer to Group note 8.

Other investments

	Total £m
Carrying value at 1 January 2021	4
Additions	–
Carrying value at 31 December 2021	4

4. Programme and film rights

	2021 £m	2020 £m
Programmes and films completed but not transmitted	120	95
Acquired programme and film rights	45	51
Programmes and films in the course of production	128	89
Total programme and film rights	293	235

Certain programme and film rights may not be utilised within one year as disclosed in note 13 to the consolidated financial statements.

Notes to the Channel 4 financial statements (continued)

5. Trade and other receivables

	2021 £m	2020 £m
Trade receivables	170	187
Prepayments	34	25
Accrued income	16	14
Total trade and other receivables	220	226

6. Treasury

	2021 £m	2020 £m
Bank balances	32	2
Money market funds	90	139
Money market deposits maturing in less than three months	30	20
Cash and cash equivalents	152	161
Money market deposits maturing after three months	10	10
Investment funds	105	100
Other financial assets	115	110

7. Trade and other payables

	2021 £m	2020 £m
Trade payables	14	15
Taxation and social security	1	1
Other creditors	71	59
Amounts due to subsidiaries	113	130
Accruals	230	179
Deferred income	46	30
VAT	27	36
Total trade and other payables	502	450

The amounts due to subsidiaries relate to cash balances managed by the Corporation on behalf of Group companies, and as such the Corporation does not expect settlement of these balances to be required in the foreseeable future.

Historical metrics 2017–2021

	Page ref	2017	2018	2019	2020	2021
Creativity						
Commissioning success						
Originated content spend (£m)	107	510	489	492	370	492
Engaging audiences						
Portfolio high peak-time viewing share (8-11pm)		12.7%	12.6%	12.2%	12.8%	13.2%
Portfolio viewing share ABC1s		10.8%	10.4%	10.1%	10.2%	10.5%
Portfolio viewing share 16-34-year-olds	97	16.4%	15.9%	15.7%	15.7%	15.0%
Channel 4 viewing share	93	5.9%	5.9%	5.8%	5.9%	6.1%
Portfolio viewing share	93	10.5%	10.2%	9.9%	10.1%	10.3%
Portfolio 15-minute reach	94	81.4%	78.7%	75.8%	73.0%	70.5%
Programme streaming views (m)	95, 147	719	915	995	1,253	1,518
Registered viewers (m) ¹	24	16.6	19.6	22.2	24.0	26.8
¹ Registered viewers are net of duplicate and active users within the last two years.						
Sustainability						
Financial metrics						
Corporation revenue (£m)	200	960	975	985	934	1,164
Digital advertising revenue (£m)	210	100	120	145	161	224
Non-advertising revenue (£m)	210	75	81	73	84	105
Content spend (£m)	210	675	662	660	522	671
Year-end net cash reserves (£m)	205	190	180	137	201	272
Pre-tax surplus/(deficit) (£m)	200	(17)	5	(26)	74	101
Ad sales measures						
Linear advertising revenue (£m)	210	785	774	767	689	835
SOCI portfolio high peak-time (8-11pm)		18.7%	17.9%	17.6%	18.2%	18.8%
SOCI portfolio ABC1s		17.5%	16.6%	16.2%	16.3%	16.6%
SOCI portfolio 16-34-year-olds		21.4%	20.8%	20.9%	21.3%	20.1%
SOCI portfolio		15.4%	14.7%	14.3%	14.7%	14.8%

Historical metrics 2017–2021 (continued)

	2017	2018	2019	2020	2021
Performance versus competitors					
Portfolio viewing share					
Channel 4	10.5%	10.2%	9.9%	10.1%	10.3%
BBC	31.6%	30.9%	30.7%	31.1%	31.5%
ITV	21.7%	23.2%	23.2%	22.2%	22.3%
Channel 5	6.5%	6.3%	6.5%	6.7%	6.8%

Source: BARB all individuals.

Portfolio high peak-time viewing share 8–11pm

Channel 4	12.7%	12.6%	12.2%	12.8%	13.2%
BBC	31.3%	29.6%	30.3%	29.4%	30.0%
ITV	23.6%	25.2%	24.6%	22.8%	23.2%
Channel 5	7.5%	7.2%	7.3%	8.0%	8.4%

Source: BARB all individuals.

SOCI portfolio

Channel 4	15.4%	14.7%	14.3%	14.7%	14.8%
ITV	34.5%	36.1%	35.7%	34.6%	34.5%
Channel 5	9.4%	8.9%	9.0%	9.6%	9.9%
Sky	25.5%	26.1%	27.2%	27.4%	27.1%

Source: TechEdge.

SOCI portfolio ABC1s¹

Channel 4	17.5%	16.6%	16.2%	16.3%	16.6%
ITV	34.0%	35.7%	35.3%	34.7%	34.6%
Channel 5	8.8%	8.8%	8.9%	9.5%	10.1%
Sky	24.0%	24.2%	25.5%	25.9%	25.3%

¹ See also key performance indicators on pages 146 to 147.
Source: TechEdge.

SOCI portfolio 16–34-year-olds¹

Channel 4	21.4%	20.8%	20.9%	21.3%	20.1%
ITV	28.8%	32.4%	32.9%	30.0%	33.3%
Channel 5	8.4%	8.0%	8.0%	8.5%	7.5%
Sky	24.8%	24.1%	25.7%	27.9%	27.0%

¹ See also key performance indicators on pages 146 to 147.
Source: TechEdge.

Historical record

	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m
Consolidated results										
Revenue	925	908	938	979	995	960	975	985	934	1,164
Operating surplus/(deficit)	(29)	(15)	4	24	(18)	(25)	8	(27)	71	102
Net financial income/(expense)	1	(1)	(1)	(1)	-	(1)	-	(1)	(2)	(1)
Gain on sale of investment	-	-	-	-	-	8	1	4	5	1
Impairment losses on investments	-	-	-	-	-	-	-	-	-	(1)
Share of profit/(loss) in joint venture/ investments	1	-	1	3	3	1	-	(2)	-	-
Fair value loss on joint venture	-	-	-	-	-	-	(9)	-	-	-
Gain on bargain purchase	-	-	-	-	-	-	5	-	-	-
Surplus/(deficit) before taxation	(27)	(16)	4	26	(15)	(17)	5	(26)	74	101
Taxation	-	1	(1)	-	(3)	2	(2)	1	(5)	(12)
Surplus/(deficit) for the year	(27)	(15)	3	26	(18)	(15)	3	(25)	69	89

All figures are shown in accordance with IFRS.

Advertising sales

	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m
Channel 4 Sales House	1,009	1,036	1,073	1,171	1,203	1,166	1,183	1,161	1,047	1,298
Total TV market	3,808	3,936	4,169	4,478	4,485	4,342	4,344	4,191	3,698	4,640

Source (Total TV market): Thinkbox. Channel 4 Sales House revenues are based on internal data and include immaterial revenue streams not included in the Thinkbox Total TV market.

Audience share (portfolio)

	2012 %	2013 %	2014 %	2015 %	2016 %	2017 %	2018 %	2019 %	2020 %	2021 %
BBC	33.6	32.4	33.1	32.8	32.1	31.6	30.9	30.7	31.1	31.6
ITV	22.4	23.1	22.0	21.2	21.3	21.7	23.2	23.2	22.2	22.3
Channel 4 excluding S4C	11.5	11.0	10.9	10.6	10.5	10.5	10.2	9.9	10.1	10.2
Channel 5	6.0	6.0	5.9	6.0	6.2	6.5	6.3	6.5	6.7	6.8
Other	26.5	27.5	28.1	29.4	29.9	29.7	29.4	29.7	29.9	29.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: BARB all individuals.

Audience share

	2012 %	2013 %	2014 %	2015 %	2016 %	2017 %	2018 %	2019 %	2020 %	2021 %
BBC One	21.3	21.0	21.7	21.9	22.0	21.8	21.3	20.9	21.3	22.2
BBC Two	6.1	5.8	6.1	5.7	5.9	5.8	5.8	5.7	5.6	5.7
ITV and GMTV	15.7	16.2	15.6	15.0	15.4	15.5	16.9	16.9	16.7	16.8
Channel 4 excluding S4C	6.6	6.1	5.9	5.9	5.9	5.9	5.9	5.8	5.9	6.1
Channel 5	4.5	4.4	4.4	4.2	4.1	4.2	4.0	4.0	4.3	4.5
Other	45.8	46.5	46.3	47.3	46.7	46.8	46.1	46.7	46.2	44.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: BARB all individuals.