

Advertising and sponsorship

**+ 8%**

£652 million in 2000

Other revenue

**+ 52%**

£64 million in 2000

Programme costs

**+ 8%**

£423 million in 2000

Film investment

**+ 35%**

£33 million in 2000

Investment in training

**+ 7%**

£5 million in 2000

Investment in education

**+ 9%**

£70 million in 2000

Investment in regional production

**+ 20%**

£102 million in 2000

FilmFour subscriber income

**+ 115%**

£8.2 million in 2000

FilmFour subscribers

**+ 62%**

405,000 at 31 December 2000

**FINANCE**



## OPERATING AND FINANCIAL REVIEW

### Turnover

Group turnover for the year increased by 12% to £716 million (1999: £642 million). Of this turnover 91% (1999: 94%) was generated by advertising and sponsorship revenue, the remaining 9% represents the increasing contribution from Channel 4's other activities.

### Profit

The group's operating profit for the year was £33.8 million (1999: £44.9 million). The reduction year on year of £11.1 million is as a consequence of the increased investment in 4 Ventures' businesses, which increased from £21 million in 1999 to £30.4 million in 2000.

### Advertising and sponsorship

Channel 4's main service performed strongly in 2000, with its share of total television viewing increased to 10.5% (1999: 10.3%). Advertising and sponsorship revenue increased by 8% to £652 million (1999: £600 million).

With its unique sales proposition of quality, targeted programming, Channel 4 is particularly effective at delivering those audiences most sought by advertisers. Channel 4 again registered increases in viewing share of ABC1 adults, 16 to 24-year-olds and light commercial viewers. This success is reflected in Channel 4's ability to outstrip the industry average in its delivery of share of impacts – the number of times viewers see commercials. For ABC1 adults, the share of impacts based on the all share index was 116, that is 16% better delivery than the industry average. Similarly, for 16 to 24-year-olds this figure was 140, up from 131 in 1999. For the most elusive group, the light commercial viewers, Channel 4 enjoyed a 36% better delivery than the industry average.

Channel 4 traded with 962 advertising clients in 2000, a 5% increase on 1999. Channel 4's portfolio of websites was utilised by 62 advertisers in 2000, increasing online advertising revenue significantly year on year.

Channel 4's programme sponsorship team had another successful year, with revenues up 30% on 1999. Notable deals in excess of £1 million included StepStone with **Sport on 4**, Southern Comfort sponsoring **Big Brother** and Renault teaming up with Channel 4 Drama. Demand for FilmFour channel sponsorship was also high with new 12-month deals secured with *The Guardian*, Stella Artois, Renault and Sony.

*Campaign* magazine named Channel 4's advertising sales team the best of any medium in their annual review of the year.

### Programmes

The 8% increase in advertising sales and sponsorship revenue helped to deliver an 8% rise in the cost of programme transmissions on the main channel, reaching £423 million for the year (1999: £391 million).

As detailed on pages 64 to 66, Channel 4 exceeded all of its licence requirements and transmitted 490 more hours of Channel 4 originated programming than in 1999. Originated programmes accounted for 66% of the hours of Channel 4's overall output (1999: 60%). Within peaktime (6 pm to 10.30 pm) originated programming amounted to 81% (1999: 76%). First run programming amounted to 62% (1999: 60%) of our output. During peaktime it represented 82% (1999: 81%).

As in previous years, the continuing consolidation of the independent production sector has led to a fall in the proportion of qualifying hours supplied by independent production companies – 66% in 2000 (1999: 76%). Major Channel 4 suppliers who surrendered their independent status during the year were Ginger Productions, GMG Endemol, Planet 24, Regent Productions and Talkback Productions.

Progress was made towards our 2002 target of 30% of Channel 4's originated programming being supplied by production companies from Scotland, Northern Ireland, Wales and the English regions. In 2000, £102 million of Channel 4's originated programming was produced by production companies outside of London. This represented a 20% increase on 1999 and 29% of total originated programming output in 2000 (1999: 27%).

### 4 Ventures

Looking forward, all of the main terrestrial broadcasters expect to see erosion in their share of television advertising revenues as digital cable and satellite services continue to grow. Faced with this competition, Channel 4's strategy is to continue its transformation from a single terrestrial television channel into a network of media businesses delivered on a range of different platforms. Key to this will be maintaining the strong main channel at the centre connecting with the core values of our viewers whilst leveraging our brand strength to build sustainable cross-platform media businesses for the future.

The consolidation on 1 January 2001 of our secondary businesses into 4 Ventures Ltd will provide clear transparency on the development of those businesses. The performance and prospects of the key 4 Ventures businesses are described on pages 28 to 37 of this report. Segmental disclosure of their performance has been provided within the notes to the financial statements (notes 1 and 2 on pages 49 and 50).

The operating profits/(losses) of the constituent parts of the 4 Ventures businesses were as follows:

	2000 £m	1999 £m
FilmFour Ltd	(3.0)	0.5
FilmFour channel	(14.8)	(20.4)
E4	(2.1)	-
Channel Four Interactive	(14.9)	(2.3)
Channel Four International Ltd	2.2	1.5
Commercial Development	2.2	(0.3)
	(30.4)	(21.0)

This investment in these businesses amounted to 3% and 4% of group turnover in 1999 and 2000 respectively – a modest investment to develop businesses to strengthen Channel 4's brand, relationship with audiences and competitive position for the future. With the launch of E4 in 2001, it is planned that this investment in new businesses will rise to 10% of turnover.

### Administrative expenses

Administrative expenses increased by £5 million to total £29 million. This increase is due in part to the release in 1999 of a £1 million provision following the satisfactory conclusion of a claim with a building contractor, relating to the construction in 1994 of the Horseferry Road building. Excluding this provision release, the year on year increase of £4 million reflects costs incurred in order to accommodate the development of Channel 4's secondary businesses.

### Treasury

#### Objectives, policies and strategies

Channel 4's treasury management objective is to minimise currency exposures deriving from its business operations and maximise returns from available funds without exposing Channel 4 to unnecessary risk. Channel 4 never takes speculative positions in its treasury management.

This objective is achieved by the use of forward exchange contracts for foreign currency requirements and fixed rate money market deposits and borrowings in managing operational funding needs. These policies have been followed throughout the year and have been reflected in the financial statements at 31 December 2000.

All material exposures are considered and managed by the group treasury function and reported regularly to management. The treasury strategies and policies are agreed with the Managing Director and operate within clear parameters approved by the Board.

## OPERATING AND FINANCIAL REVIEW

### Cash deposits and borrowings

Channel 4 funds are deposited only with an agreed list of organisations that carry an A1/P1 rating by the major credit rating agencies.

Channel 4 has a £55 million syndicated loan facility with a maturity date of April 2004. This facility provides financing flexibility to support the group's short to medium term liquidity needs. It was not utilised at 31 December 2000.

The group did not have any significant borrowings at the year end, although during the year money market borrowings were undertaken to meet short-term business requirements. The rates of interest on these borrowings are fixed and based on UK money market interest rates prevailing at the time of borrowing.

Channel 4 had net cash deposits at 31 December 2000 of £49 million (1999: £44 million).

Overall, there was a net cash inflow in 2000 of £5 million (1999: £27 million outflow) as shown in note 14 on page 59.

### Currency management

Channel 4 buys and sells programmes and films in the international markets and leases satellite transponder capacity. As a result, Channel 4 is a net purchaser of both US dollars and euros. The group has no significant exposure to other foreign currencies. Exposure to fluctuations in exchange rates are managed by transactions in the forward foreign exchange markets.

Forward foreign currency exchange contracts at 31 December 2000 are detailed in note 18 on page 62.

### Taxation

Channel 4 is subject to corporation tax on profits. The tax charge for 2000 was £14 million, giving an effective rate of 40%. The effective tax rate has increased above the corporate tax rate due to disallowable provisions and expenditure, and a prior year charge.

### Euro

The Board does not at this stage foresee any significant cost or impact arising on the operations of the group resulting from the UK introducing the euro.



# ALI G, DA TV SHOW



STARTS FRI 31 MARCH AT 10.30PM



TURNER PRIZE 2000  
LIVE FROM TATE BRITAIN  
TUESDAY 28 NOVEMBER, 8PM

## REPORT OF THE MEMBERS

### Principal activities

Channel 4 is the only public service broadcaster in the world funded solely from commercial revenues which it earns.

**The Broadcasting Act 1990 (the 1990 Act) established Channel Four Television Corporation to secure the continued provision of the television broadcasting service known as Channel 4, which started transmissions in 1982, and to carry out any activities which are incidental or conducive to the operation of Channel 4. On 1 January 1993 Channel 4 inherited, under the terms of the 1990 Act, the business, assets and liabilities of Channel Four Television Company Limited, which had provided the Channel 4 service from 1982 to 1992.**

On 1 January 1993 the ITC issued a broadcasting licence under the terms of the 1990 Act for Channel 4 to broadcast for the ten calendar years 1993 to 2002. That licence was amended by the ITC, which published revised programme requirements in February 1998, details of which are summarised on page 66 of this report.

The Broadcasting Act 1996 (the 1996 Act) broadened Channel 4's powers so that it may be involved in the UK or any other country with 'the provision of one or more services which are licensed by the ITC or by the Radio Authority or which, if provided in the UK, would be required to be so licensed.'

Channel 4's broadcasting licence will be renewed from 1 January 2003 to reflect the forthcoming broadcasting legislation presaged by the Government's White Paper on Communications, which was published in December 2000.

The group has three commercial subsidiary companies involved in film financing and distribution, international programme sales and co-financing, and studio and post production facilities. Additionally, the group has a subscription television channel, FilmFour, a basic tier entertainment channel, E4 and continues to develop other commercial activities such as merchandising, book and music publishing and online activities.

### Business review

The Chairman's statement on pages 4 and 5, the Chief Executive's report on pages 6 and 7 and the operating and financial review on pages 40 and 41 form part of this report and provide information on the development of Channel 4's activities during the year and outlook for the future. The group's results are set out on pages 45 to 63.

### Members

The present members of Channel 4 are listed on page 74.

Since 1 January 2000, the following members have been appointed to, or retired from, the Board:

Appointments	Date of appointment
Millie Banerjee	1 January 2000
Ian Ritchie	1 January 2000
Peter Bazalgette	1 April 2001
Retirement	Date of retirement
Frank McGettigan	31 January 2000

### Members' interests

Channel 4 fully embraces the principles of good corporate governance and, to this end, makes full disclosure of all members' interests, irrespective of the materiality those interests may have to Channel 4 or to the members concerned.

During 2000 four members were interested in contracts negotiated at arms length on normal commercial terms with Channel 4:

- Vanni Treves is a partner in the city solicitors Macfarlanes. In 2000 the group instructed Macfarlanes to provide legal advice (without any involvement on the part of Vanni Treves). The cost of services provided by Macfarlanes during the year amounted to £14,283.
- In addition to non-executive member fees, as disclosed on page 70, Barry Cox's company, Mapledene TV Productions Ltd, received £10,200 and Andrew Graham received £7,350 during 2000 for consultancy services relating to Channel 4's analysis of policy concerning the forthcoming new broadcasting legislation.
- Robin Miller is Chairman of EMAP plc. In 2000 the group advanced £0.5 million to Slam Digital Ltd, a new company in which Channel 4 and EMAP plc each own 50% of the shares, as noted on page 55.

Two members' partners transacted business with Channel 4 at arms length on normal commercial terms during 2000:

- Michael Jackson's partner Sheree Folkson was the executive producer of the series **Starstruck** and director of the **Lock Stock** series. The fees paid to her in 2000 for these series were £11,550.
- Andy Barnes' wife, Linda Stevens, owns the majority share of a specialist recruitment agency, The Stevens Company, which received £62,700 from Channel 4 in 2000 for recruitment services.

### Liability insurance

A liability insurance policy has been effected for members and officers in respect of their duties.

### Employment policy

Channel 4 is an equal opportunities employer and does not discriminate on grounds of sex, sexual orientation, marital status, race, colour, ethnic origin, disability, age or political or religious belief in its recruitment or other employment policies. The ethos of Channel 4 for both job applicants and staff is that everyone matters.

Channel 4 has established an ethnic monitoring system for its recruitment and the ethnic composition of its staff. The representation of ethnic minorities amongst its permanent staff was 8% (1999: 9%) and women continue to form the majority of its staff at 56% (1999: 56%).

Channel 4 encourages applications from people with disabilities. The policy is to recruit, train and provide career development opportunities to disabled people, whether registered as such or not, on the same basis as that of other staff.

### Employee involvement and consultation

The quality, commitment and effectiveness of Channel 4's staff are crucial to its continued success. As noted on page 27, Channel 4 has continued to invest significantly in its staff through training and development.

During 2000 Channel 4 attained the Investors In People standard.

Channel 4 informs and consults with its employees through:

- meetings hosted by executive members where staff are briefed on recent developments and strategic plans.
- regular departmental meetings where information is disseminated and staff have an opportunity to air their views.
- recognition of trade unions. A minority of Channel 4's employees are in membership of one of two recognised trade unions, BECTU or Equity.
- an internal intranet information service available to all members of staff.

## REPORT OF THE MEMBERS

### Research and development

Channel 4 devotes substantial resources to the development of scripts and programme outlines for possible commissioning. Script and programme development expenditure charged to the profit and loss account in 2000 amounted to £7.0 million (1999: £6.8 million).

### Charitable donations

During 2000 Channel 4 donated £23,778 to charities (1999: £26,008).

### Channel 4 website

In keeping with our strategy to connect with viewers across all platforms, Channel 4 has published this report on its website, **channel4.com**. This report has been published in accordance with applicable UK law and accounting standards governing the preparation of financial statements within the UK only, and may differ from legislation relevant within other jurisdictions.

### Going concern

Based on normal business planning and control procedures, the members have a reasonable expectation that Channel 4 has adequate resources to continue in operational existence for the foreseeable future. For this reason, the members continue to adopt the going concern basis in preparing the financial statements.

### Auditors

PricewaterhouseCoopers have been appointed as auditors by Channel 4 with the approval of the Secretary of State for Culture, Media and Sport in accordance with the requirements of paragraph 12(2) of schedule 3 of the Broadcasting Act 1990.

PricewaterhouseCoopers have expressed their willingness to continue in office.

### MICHAEL JACKSON

Chief Executive

9 April 2001



Parental guidance no longer required.

FROM TUESDAY  
7 MARCH AT 9PM



FIFTEEN  
THE REALITY OF TEENAGE LIFE

BE BIG BROTHER

channel4.com/bigbrother

## REPORT OF THE AUDITORS

### Independent auditors' report to the members of Channel Four Television Corporation (Channel 4)

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out in the statement of accounting policies.

### Respective responsibilities of members and auditors

The members' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out on page 67.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Broadcasting Act 1990 and direction thereunder by the Secretary of State. We also report to you if, in our opinion, the report of the members is not consistent with the financial statements, if Channel 4 has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding members' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the members' report, the chairman's statement, and the operating and financial review.

We review whether the statement on page 67 reflects Channel 4's compliance with those provisions of the Combined Code specified for our review relevant to a statutory corporation and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion of the effectiveness of Channel 4's corporate governance procedures or its risk and control procedures.

### Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to Channel 4's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of Channel 4 and the group at 31 December 2000 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Broadcasting Act 1990 and directions made thereunder by the Secretary of State.

### PricewaterhouseCoopers

Chartered Accountants and Registered Auditors  
London

9 April 2001

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER

	Notes	2000 £m	1999 £m
<b>Turnover</b>	1	<b>716.4</b>	642.1
Cost of transmissions and sales	2	<b>(643.1)</b>	(564.1)
<b>Gross profit</b>		<b>73.3</b>	78.0
Administrative expenses		<b>(29.0)</b>	(24.4)
Depreciation	7	<b>(10.5)</b>	(8.7)
<b>Operating profit</b>	1 and 3	<b>33.8</b>	44.9
Net interest receivable	5	<b>2.0</b>	1.1
<b>Profit before taxation</b>		<b>35.8</b>	46.0
Taxation	6	<b>(14.3)</b>	(13.1)
<b>Retained profit for the year</b>	16	<b>21.5</b>	32.9

All activities are continuing. There is no material difference between the profits reported above and their historical cost equivalents.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER

	Notes	2000 £m	1999 £m
<b>Profit for the year</b>	16	<b>21.5</b>	32.9
Unrealised surplus on revaluation of buildings	7 and 16	<b>5.6</b>	5.3
<b>Total recognised gains for the year</b>		<b>27.1</b>	38.2

The notes on pages 49 to 63 form part of these financial statements.  
Report of the Auditors – page 44.

# MORE EMBARRASSING LEAKS



MY GOVERNMENT AND I  
RORY BREMNER ON SUNDAY 19 NOVEMBER AT 9PM

# Urban Cheek



THE RICHARD BLACKWOOD SHOW  
STARTS WEDNESDAY 3 MAY AT 11.00PM

## BALANCE SHEETS

AT 31 DECEMBER

	Notes	2000 Group £m	1999 Group £m	2000 Channel 4 £m	1999 Channel 4 £m
<b>Fixed assets</b>					
Tangible assets	7	95.2	89.2	95.2	89.2
<b>Current assets</b>					
Stock and work in progress	9	219.3	185.4	169.4	138.4
Debtors	10	89.5	78.9	133.3	115.2
Investments	11	-	10.1	-	10.1
Cash at bank and in hand	14	49.5	34.0	49.2	33.7
		358.3	308.4	351.9	297.4
<b>Creditors – amounts falling due within one year</b>	12	(111.6)	(82.0)	(106.5)	(75.0)
<b>Net current assets</b>		246.7	226.4	245.4	222.4
<b>Total assets less current liabilities</b>		341.9	315.6	340.6	311.6
<b>Provisions for liabilities and charges</b>	13	(7.4)	(8.2)	(7.4)	(8.2)
<b>Net assets</b>		334.5	307.4	333.2	303.4
<b>Profit and loss account</b>	16	232.8	211.1	231.5	207.1
<b>Statutory reserve</b>	16	84.8	84.8	84.8	84.8
<b>Revaluation reserve</b>	16	16.9	11.5	16.9	11.5
		334.5	307.4	333.2	303.4

### VANNI TREVES

Chairman

### JANET WALKER

Director of Finance and Business Affairs

These financial statements were approved by the Board of Members on 9 April 2001.

The notes on pages 49 to 63 form part of these financial statements.

Report of the Auditors – page 44.

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

	Notes	2000 £m	2000 £m	1999 £m	1999 £m
<b>Net cash inflow from operating activities</b>	14		27.7		64.4
<b>Subsidy paid to ITV</b>			-		(66.0)
			27.7		(1.6)
<b>Returns on investments and servicing of finance</b>					
Interest received	5	2.0		1.2	
Interest paid		-		(0.2)	
			2.0		1.0
<b>Taxation</b>					
UK corporation tax paid		(13.5)		(14.4)	
Overseas tax paid		(0.3)		(0.5)	
			(13.8)		(14.9)
<b>Capital expenditure</b>					
Payments to acquire tangible fixed assets		(11.4)		(12.3)	
Receipts from sales of tangible fixed assets		0.9		1.1	
			(10.5)		(11.2)
<b>Net cash inflow/(outflow) before management of liquid resources</b>	14		5.4		(26.7)
<b>Management of liquid resources</b>					
Decrease in short-term investments	14		10.1		25.5
Decrease in money market borrowings	14		-		(15.8)
<b>Increase/(decrease) in cash in the year</b>	14		15.5		(17.0)

The notes on pages 49 to 63 form part of these financial statements.

Report of the Auditors – page 44.

# Anatomy Of Disgust



A MAJOR 3 PART SERIES INVESTIGATING THE FORGOTTEN EMOTION  
STARTS TUESDAY 15 AUGUST AT 10PM



BACK LIVE ONLINE 18 SEPTEMBER

## PRINCIPAL ACCOUNTING POLICIES

### Basis of accounting

The financial statements have been prepared under the historical cost convention, modified by the revaluation of freehold properties. The financial statements have been prepared in a form as directed by the Secretary of State for Culture, Media and Sport with the approval of the Treasury and meet the requirements, insofar as they are applicable, of the Companies Act 1985 and UK accounting standards.

### Accounting policies

A summary of the more important accounting policies, all of which have been applied consistently, is set out below.

### Basis of consolidation

The consolidated financial statements comprise the financial statements for Channel Four Television Corporation and all of its subsidiary undertakings and associates made up to 31 December 2000.

### Advertising revenue

Advertising revenue is stated net of advertising agency commission paid.

### Sale of programme and film rights

Revenue is recognised on contracts for the sale of rights of completed programmes and films as payments under the contracts become due.

### Deferred tax

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

### Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates prevailing at the balance sheet date or the contracted rate where the underlying exposure has been hedged using a forward exchange contract. Any resultant gain or loss on exchange is shown as part of the profit for the year.

Channel 4 buys and sells programmes and films in the international markets and leases satellite transponder capacity. As a result, the group is a net purchaser of both US dollars and euros. Exposure to fluctuations in exchange rates are managed by transactions in the forward foreign exchange markets. The group does not hold or issue derivative financial instruments for financial trading purposes. Changes in the fair value of derivative financial instruments are not recognised in the financial statements until these hedged transactions mature.

### Stock and work in progress

Stocks are valued at the lower of cost or net realisable value.

Programme and film rights are stated at direct cost incurred up to the balance sheet date after making provision for expenditure on programmes or films which are unlikely to be transmitted or sold. Direct cost is defined as payments made or due to programme suppliers.

Research and development expenditure, consisting of funds spent on projects prior to a final decision being made on whether a programme will be commissioned, is included in programme and film rights but is fully provided for. Where research and development expenditure leads to the commissioning of a programme, such expenditure is transferred to programme cost and the provision is released.

The cost of programme and film broadcasting rights is wholly written off on first transmission.

### Fixed assets

Fixed assets, other than the freehold land and buildings which are shown at valuation, are stated at cost, together with any incidental expenses of acquisition, less 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 from the date of its first utilisation. 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	20% - 25%

Financial Reporting Standard 15, Tangible Fixed Assets, addresses the measurement, valuation and depreciation of tangible fixed assets. Compliance with this standard has not given rise to any restatement of figures reported in prior periods.

### Pensions

Channel 4 maintains a defined benefit pension scheme. Pension costs are determined by external actuaries and charged against profits each year so as to spread the expected cost of pensions over the employees' working lives with the group.

### Fixed asset investments

Fixed asset investments are stated at cost, less any provision for diminution in value.

### Leases

The rental costs arising from operating leases are charged to the profit and loss account in the year in which they are incurred.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Segmental analysis

Analysis of turnover, operating profit and net assets by activity:

	Turnover		Operating profit/(loss)		Net assets	
	2000 £m	1999 £m	2000 £m	1999 £m	2000 £m	1999 £m
Channel 4*	662.1	606.6	71.4	66.8	399.8	335.5
4 Learning*	3.4	3.8	(5.1)	(0.6)	(5.0)	(0.4)
124 Facilities Ltd	4.1	3.9	0.1	0.1	(0.4)	(0.5)
<b>4 Ventures</b>						
FilmFour Ltd	42.7	32.0	(3.0)	0.5	(2.8)	(0.6)
FilmFour channel*	8.8	4.4	(14.8)	(20.4)	(43.0)	(28.2)
E4*	-	-	(2.1)	-	(2.1)	-
Channel Four Interactive*	0.7	-	(14.9)	(2.3)	(17.2)	(2.3)
Channel Four International Ltd	22.8	18.6	2.2	1.5	8.0	6.4
Commercial Development*	7.6	2.5	2.2	(0.3)	0.7	(1.5)
Consolidation adjustments	(35.8)	(29.7)	(2.2)	(0.4)	(3.5)	(1.0)
	<b>716.4</b>	<b>642.1</b>	<b>33.8</b>	<b>44.9</b>	<b>334.5</b>	<b>307.4</b>

\*The activities identified above make up the constituent parts of Channel Four Television Corporation as at 31 December 2000. The table above represents these activities under the new group structure, which came into effect on 1 January 2001 (see note 8).

On 1 July 2000 the trade, assets and liabilities of Channel Four Learning Ltd were transferred into 4 Learning, a new division of Channel Four Television Corporation and the company ceased to trade from that date. The figures for 4 Learning set out in the table above include the results for the six months to 30 June 2000 for Channel Four Learning Ltd and for the six months to 31 December 2000 for 4 Learning.

# FE, FI, FO, FUM.



ENGLAND V WEST INDIES  
LIVE FROM 15 JUNE

# Answer Time

CHANNEL 4 NEWS. SEVEN NIGHTS A WEEK.



The UK's  
fastest growing  
news programme

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Cost of transmissions and sales

	Programme costs £m	Transmitter and regulatory costs		Indirect programme costs £m	Cost of sales £m	Cost of marketing £m	Total £m
		Analogue £m	Digital £m				
<b>2000</b>							
Channel 4	423.3	29.0	11.5	48.0	29.8	16.1	557.7
4 Learning	-	-	-	3.3	4.1	0.7	8.1
124 Facilities Ltd	-	-	-	-	3.9	0.1	4.0
<b>4 Ventures</b>							
FilmFour Ltd	-	-	-	-	38.2	5.1	43.3
FilmFour channel	10.4	1.7	4.1	1.7	0.5	4.7	23.1
E4	-	-	-	0.9	0.8	0.1	1.8
Channel Four Interactive	-	-	-	15.7	-	-	15.7
Channel Four International Ltd	-	-	-	-	17.7	0.5	18.2
Commercial Development	-	-	-	-	5.4	-	5.4
Consolidation adjustments	-	-	-	(0.6)	(33.6)	-	(34.2)
	<b>433.7</b>	<b>30.7</b>	<b>15.6</b>	<b>69.0</b>	<b>66.8</b>	<b>27.3</b>	<b>643.1</b>
<b>1999</b>							
Channel 4	390.6	29.4	11.4	44.5	22.2	13.1	511.2
4 Learning	-	-	-	-	3.2	0.7	3.9
124 Facilities Ltd	-	-	-	-	3.7	0.1	3.8
<b>4 Ventures</b>							
FilmFour Ltd	-	-	-	-	24.7	5.2	29.9
FilmFour channel	9.2	5.8	3.1	1.5	0.5	4.2	24.3
E4	-	-	-	-	-	-	-
Channel Four Interactive	-	-	-	2.3	-	-	2.3
Channel Four International Ltd	-	-	-	-	14.2	0.6	14.8
Commercial Development	-	-	-	-	2.8	-	2.8
Consolidation adjustments	-	-	-	(1.0)	(27.9)	-	(28.9)
	<b>399.8</b>	<b>35.2</b>	<b>14.5</b>	<b>47.3</b>	<b>43.4</b>	<b>23.9</b>	<b>564.1</b>

The consolidation adjustments within the cost of sales disclosure above, and the turnover analysis disclosed in note 1 on page 49, primarily relate to intra-group sales between Channel 4, FilmFour Ltd and Channel Four International Ltd.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Operating profit

Operating profit is stated after charging/(crediting):

	2000 £m	1999 £m
Depreciation of fixed assets (note 7)	10.5	8.7
Research and development	7.0	6.8
Training	4.6	4.3
Members' remuneration (page 70)	2.3	2.5
Equipment hire	0.4	0.3
Other operating lease rentals	2.9	0.4
Profit on disposal of fixed assets	(0.2)	(0.1)

Channel 4 has taken advantage of the legal exemption not to present its own profit and loss account. Of the retained profit after tax of £21.5 million (1999: £32.9 million) recorded in the consolidated profit and loss account for the year, £24.2 million (1999: £32.3 million) was dealt with in Channel Four Television Corporation's accounts.

Fees in respect of services provided by the auditors were:

	2000 £000	1999 £000
Statutory audit:		
Channel 4	39	38
Subsidiaries and associates	26	26
Pension Plan	5	4
Non-audit fees for other services	373	1,028
	<b>443</b>	<b>1,096</b>

### 4. Employee information

A detailed analysis of members' remuneration, including salaries and performance-related bonuses, is provided in the report on members' remuneration on page 70.

	2000 £m	1999 £m
<b>Aggregate gross salaries of all employees</b>		
Aggregate gross salaries	41.0	35.2
Employer's national insurance contributions	3.8	3.1
Employer's pension contributions (note 19)	4.8	3.9
Total direct costs of employment	<b>49.6</b>	<b>42.2</b>

# THE JOY OF SIX.



ENGLAND V WEST INDIES  
LIVE AND EXCLUSIVE

www.criclive4.com

lock, stock... the tv series  
starts monday 29 may 9pm



## NOTES TO THE FINANCIAL STATEMENTS

### 4. Employee information (continued)

The average number of employees, including executive members, was as follows:

	2000	1999
<b>Channel 4</b>		
Programme commissioning	200	195
Transmission and engineering	121	123
Advertising and sponsorship sales and research	111	108
Operational management	97	86
Information systems	79	54
Corporate affairs and press office	37	32
4 Learning	35	30
124 Facilities Ltd	33	29
Marketing and creative services	31	29
	<b>744</b>	<b>686</b>
<b>4 Ventures</b>		
FilmFour Ltd	55	48
FilmFour channel	45	35
E4	14	-
Channel Four Interactive	34	4
Channel Four International Ltd	25	24
Commercial Development	17	11
	<b>190</b>	<b>122</b>
<b>Total employees</b>	<b>934</b>	<b>808</b>
Permanent employees	901	746
Contract staff	33	62
	<b>934</b>	<b>808</b>
Male	408	358
Female	526	450
	<b>934</b>	<b>808</b>
Travel, subsistence and hospitality expenditure was as follows:		
	2000	1999
	£000	£000
Members	261	245
Other employees	2,161	2,042
	<b>2,422</b>	<b>2,287</b>
Staff loans outstanding at 31 December were as follows:		
	2000	1999
	£000	£000
Season ticket loans	113	114
Other loans	-	7
	<b>113</b>	<b>121</b>

There were no loans to members.

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Net interest receivable

	2000	1999
	£m	£m
Interest receivable on short-term deposits	2.0	1.2
Interest payable on bank loans and overdrafts repayable within five years	-	(0.1)
<b>Net interest receivable</b>	<b>2.0</b>	<b>1.1</b>

### 6. Taxation

The taxation charge is based on the taxable profit for the year and comprises:

	2000	1999
	£m	£m
UK corporation tax @ 30% (1999: 30.25%)	13.2	15.1
Less relief for overseas taxation	(0.2)	(0.5)
Overseas taxation	0.2	0.5
Adjustment in respect of prior years	1.1	(2.0)
	<b>14.3</b>	<b>13.1</b>

### 7. Tangible fixed assets

#### Channel 4 and group

Tangible assets	Freehold properties £m	Equipment and furniture £m	Total £m
<b>Cost or valuation</b>			
At 1 January 2000	83.4	62.1	145.5
Additions	-	11.6	11.6
Disposals	(0.1)	(12.5)	(12.6)
Revaluation	5.6	-	5.6
<b>At 31 December 2000</b>	<b>88.9</b>	<b>61.2</b>	<b>150.1</b>
<b>Depreciation</b>			
At 1 January 2000	12.1	44.2	56.3
Charge for the year	1.8	8.7	10.5
Disposals	-	(11.9)	(11.9)
<b>At 31 December 2000</b>	<b>13.9</b>	<b>41.0</b>	<b>54.9</b>
<b>Net book value</b>			
At 1 January 2000	71.3	17.9	89.2
<b>At 31 December 2000</b>	<b>75.0</b>	<b>20.2</b>	<b>95.2</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 7. Tangible fixed assets (continued)

#### Valuation of freehold properties

The net book value of freehold properties shown at cost or valuation comprises:

	2000	1999
	£m	£m
Office, studio and transmission centre	69.5	66.7
76 Charlotte Street	4.8	3.8
Other properties (at cost)	0.7	0.8
	75.0	71.3

The property at 76 Charlotte Street accommodates FilmFour Ltd. The other properties are used as permanent location sets for programme series.

If freehold properties had not been revalued they would have been included in the financial statements at the following amounts:

	2000	1999
	£m	£m
Cost	67.0	67.1
Accumulated depreciation	(8.4)	(7.1)
Net book value based on cost	58.6	60.0

The freehold property comprising the office, studio and transmission centre at Horseferry Road, London SW1 was valued as at 31 December 2000 by external valuers, Fuller Peiser Property Consultants, in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. The parts of the property occupied by Channel 4 were valued on a depreciated replacement cost basis. The remainder of the property was valued on the basis of open market value. Attention was drawn to the fact that the value reported on the depreciated replacement cost basis is in excess of open market value for use of the whole premises as conventional office accommodation. The open market value for the property was £58.2 million (1999: £53.5 million).

The property at 76 Charlotte Street was valued as at 31 December 2000 by Fuller Peiser, on the basis of existing use value.

The surplus of £5.6 million (1999: £5.3 million) arising from these revaluations has been transferred to the revaluation reserve (note 16).

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Fixed asset investments

The cost of fixed asset investments at 31 December was:

	2000	1999
	£000	£000
Subsidiary companies	9	4
Associated companies	1	1
	10	5

#### Associated companies

##### Digital 3 and 4 Ltd

Channel 4 holds 1,000 A class ordinary £1 shares in Digital 3 and 4 Ltd, representing 50% of the share capital. ITV Network Ltd owns the other 50%. This company, incorporated in England, has been granted a licence by the ITC to operate the Channel 3 and Channel 4 digital terrestrial multiplex. At 31 December 2000, Channel 4's share of the net assets of Digital 3 and 4 Ltd amounted to £1,000. The company acts as an agent for its shareholders.

##### British Screen Finance Ltd (British Screen)

In 2000 Channel 4 sold its holding of 1,800,030 ordinary £1 and 1,842,141 B class £1 shares in British Screen (representing 43% of the ordinary share capital and 39% of the total capital) to the new Film Council for a price of £1. Channel 4 had previously recognised its share of the accumulated losses of British Screen and this investment was held in the balance sheet at nil value prior to disposal.

##### Slam Digital Ltd

During the year Channel 4 advanced £0.5 million to Slam Digital Ltd, a new company in which Channel 4 and EMAP plc each own 50% of the shares. The activities of this company are to develop digital content and applications aimed at the teen market. Channel 4 has charged in the profit and loss account its advance to this company as development expenditure.

##### Other fixed asset investments

Channel 4 holds one ordinary £20 share representing 12% of the share capital in the Parliamentary Broadcasting Unit Ltd, a non-profit making company which provides the television pictures of the sittings of both Houses of Parliament.

During the year Channel 4 acquired:

- at a cost of £1 million, 11.5% of the share capital of Fingertips Ltd – an online personalisation and recommendation service. Channel 4 has provided for the full cost of this investment within the profit and loss account for the year. In consideration of making this investment, Channel 4 has acquired an irrevocable royalty free licence to the software which has been written, and which will be deployed during 2001 on our interactive services.
- for nil cost, 3% of the share capital of PopWorld Ltd – a company developing a website and associated services relating to popular music.

The most successful human ever



**NEANDERTHAL**  
Starts Monday 4 December, 9pm

**Urban Cheek**



THE RICHARD BLACKWOOD SHOW  
STARTS WEDNESDAY 3 MAY AT 11.00PM

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Fixed asset investments (continued)

#### Subsidiary undertakings

Channel 4 owns the whole of the issued share capital of the following companies, each of which is incorporated in England:

	Issued ordinary £1 shares
<b>Trading</b>	
4 Ventures Ltd (from 1 January 2001)	1,000
Channel Four International Ltd	1,000
FilmFour Ltd	1,000
124 Facilities Ltd	1,000
Channel Four Learning Ltd*	1,000
<b>Dormant</b>	
E4 Television Ltd	1,000
E4.com Ltd	1,000
Four Ventures Ltd	1,000
Go Racing Ltd	1,000
Channel Four Television Company Ltd	100
Film on Four Ltd	100
Channel Four Racing Ltd	2
Sport on Four Ltd	2

\*On 1 July 2000 the business, assets and liabilities of Channel Four Learning Ltd were transferred to 4 Learning, a new division of Channel Four Television Corporation, and the company ceased trading from that date.

#### Group restructuring

On 1 January 2001 4 Ventures Ltd became the operating company for the FilmFour and E4 channels, Channel Four Interactive and Commercial Development, and acquired on that date 100% of the share capital of FilmFour Ltd and Channel Four International Ltd.

### 9. Stock and work in progress

	2000 Group £m	1999 Group £m	2000 Channel 4 £m	1999 Channel 4 £m
Programmes and films completed but not transmitted	68.1	39.2	53.8	23.8
Purchased programme and film rights	63.5	62.7	49.4	48.2
Programmes and films in the course of production	87.7	70.4	66.2	53.3
Assets acquired for resale	-	13.1	-	13.1
	<b>219.3</b>	<b>185.4</b>	<b>169.4</b>	<b>138.4</b>

Due to the uncertainty of programme scheduling, certain programme and film rights may not be realised within one year.

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Debtors

	2000 Group £m	1999 Group £m	2000 Channel 4 £m	1999 Channel 4 £m
Trade debtors	77.2	62.3	64.0	54.3
Prepayments and accrued income	12.1	15.0	11.4	10.3
Value added tax	0.2	1.6	0.4	1.5
Amounts due from subsidiaries	-	-	57.5	49.1
	<b>89.5</b>	<b>78.9</b>	<b>133.3</b>	<b>115.2</b>

Amounts due from subsidiaries are unsecured and interest free.

### 11. Investments

	2000 £m	1999 £m
<b>Channel 4 and group</b>		
Short-term cash deposits:		
Deposited for fewer than three months	-	10.1

### 12. Creditors – amounts falling due within one year

	2000 Group £m	1999 Group £m	2000 Channel 4 £m	1999 Channel 4 £m
Trade creditors	10.5	14.0	10.2	12.4
Accruals	86.7	56.4	80.7	50.8
National insurance	1.6	1.3	1.5	1.2
Other creditors	4.9	3.0	3.1	1.3
Amounts due to subsidiaries	-	-	2.8	2.0
Corporation tax	7.9	7.3	8.2	7.3
	<b>111.6</b>	<b>82.0</b>	<b>106.5</b>	<b>75.0</b>

Amounts due to subsidiaries are unsecured and interest free.

Channel 4 aims to work within the guidelines of the Department of Trade & Industry's Better Payment Practice code, details of which can be obtained from DTI Publications Orderline, Admail 528, London SW1W 8YT.

Channel 4 endeavours to pay all invoices in accordance with contract terms and, unless agreed payment terms specify otherwise, within 30 days of the date of the invoice. Any complaints about failure to pay on time should be addressed to the Director of Finance and Business Affairs, who will ensure that they are investigated and responded to appropriately.

The average number of days to pay suppliers of services other than programmes in 2000 was 27 (1999: 28). Programme suppliers are generally paid more quickly as Channel 4's cash advances are usually required promptly to meet production needs.



## NOTES TO THE FINANCIAL STATEMENTS

### 13. Provisions for liabilities and charges

	Deferred taxation £m	Provision for rental deficits £m	Total £m
<b>Channel 4 and group</b>			
At 1 January 2000	4.2	4.0	8.2
Utilised in the year	-	(0.2)	(0.2)
<b>At 31 December 2000</b>	<b>4.2</b>	<b>3.8</b>	<b>8.0</b>
Of which:			
Amounts falling due within one year	-	0.6	0.6
Amounts falling due after one year	4.2	3.2	7.4

#### Deferred taxation

The amounts of deferred taxation provided and the full potential liability at 31 December were as follows:

	2000 £m	1999 £m
Accelerated capital allowances	4.2	4.2

No provision has been made in respect of the gain on the revalued properties due to the long-term life of these assets.

#### Provision for rental deficits

The provision relates to rental deficits on two buildings which Channel 4 no longer occupies in Charlotte Street, London W1. The provision represents the future net rental commitments to the end of the current leases in 2006 and 2014, based on current market conditions.

## NOTES TO THE FINANCIAL STATEMENTS

### 14. Cashflow

#### Reconciliation of continuing operating profit to net cash inflow from operating activities

	2000 £m	1999 £m
Operating profit	33.8	44.9
Depreciation	10.5	8.7
Increase in stock and work in progress	(33.9)	(17.8)
(Increase)/decrease in debtors	(10.6)	12.0
Increase in creditors and provisions	28.1	16.7
Profit on disposal of fixed assets	(0.2)	(0.1)
<b>Net cash inflow from operating activities</b>	<b>27.7</b>	<b>64.4</b>

#### Reconciliation of net cashflow to movement in net funds

	2000 £m	1999 £m
Increase/(decrease) in cash for the year	15.5	(17.0)
Decrease in liquid resources	(10.1)	(25.5)
Decrease in money market borrowings	-	15.8
Increase/(decrease) in net funds	5.4	(26.7)
Net funds at 1 January	44.1	70.8
<b>Net funds at 31 December</b>	<b>49.5</b>	<b>44.1</b>

#### Analysis of changes in net funds

	1 January 2000 £m	Cashflow 2000 £m	31 December 2000 £m
Cash at bank and in hand (current account)	34.0	15.5	49.5
Current assets: investments	10.1	(10.1)	-
	44.1	5.4	49.5

# CARIBBEAN SUMMER

A SEASON OF PROGRAMMES,  
MUSIC AND LIVE CRICKET,  
FROM JULY 29.



**WANTED:** For fighting the forces of boredom.

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Derivatives and other financial instruments

The currency and interest rate profile of the group's financial assets and liabilities at 31 December were:

	Cash at bank and in hand 2000 £m	Total 1999 £m
Currency profile		
Sterling	48.0	42.2
US dollar	1.5	1.9
	<b>49.5</b>	<b>44.1</b>

These cash deposits at 31 December 2000 were all at floating rates of interest.

The above numbers are stated after taking into account all financial instruments at 31 December 2000.

There were no significant foreign currency denominated short-term debtors and creditors at 31 December 2000 and hence they are excluded from the above disclosure.

Fair value equates to the book value for Channel 4's assets and liabilities disclosed above.

#### Gains and losses on hedging contracts

Channel 4 purchases forward foreign exchange contracts to hedge exposure on commitments in dollars and euros for programme, film and other purchases. The objective is to minimise the currency fluctuation between the commitment made and the future purchase price.

The fair value of undelivered forward foreign exchange contracts held at 31 December 2000 was £79.9 million based on redemption value. There were no significant net unrealised gains or losses on hedging contracts as at the balance sheet date.

#### Currency exposures on monetary assets and liabilities

As explained in the operating and financial review on page 41, Channel 4's policy is, where practicable, to hedge all material exposures on monetary assets and liabilities.

#### Borrowing facilities

Details of Channel 4's UK syndicated loan facility are disclosed in the operating and financial review on page 41.

## NOTES TO THE FINANCIAL STATEMENTS

### 16. Reserves

	Profit and loss account £m	Statutory reserve £m	Revaluation reserve £m	Total £m
<b>Group</b>				
At 1 January 2000	211.1	84.8	11.5	307.4
Retained profit for the year	21.5	-	-	21.5
Surplus on revaluation of property	-	-	5.6	5.6
Transfer of realised profits	0.2	-	(0.2)	-
<b>At 31 December 2000</b>	<b>232.8</b>	<b>84.8</b>	<b>16.9</b>	<b>334.5</b>
<b>Channel 4</b>				
At 1 January 2000	207.1	84.8	11.5	303.4
Retained profit for the year	24.2	-	-	24.2
Surplus on revaluation of property	-	-	5.6	5.6
Transfer of realised profits	0.2	-	(0.2)	-
<b>At 31 December 2000</b>	<b>231.5</b>	<b>84.8</b>	<b>16.9</b>	<b>333.2</b>

The statutory reserve was established under the terms of the 1990 Broadcasting Act, as amended by subsequent Parliamentary Orders.

The revaluation reserve arises on the revaluation of freehold property, details of which are disclosed in note 7.

### 17. Programme and film commitments

At 31 December, Channel 4 had committed future expenditure for programmes and films due for payment as follows:

	2000 Group £m	1999 Group £m	2000 Channel 4 £m	1999 Channel 4 £m
Within one year	235.2	243.3	221.0	224.5
After one year	210.0	137.6	209.8	137.4
	<b>445.2</b>	<b>380.9</b>	<b>430.8</b>	<b>361.9</b>



# ALI G, DA TV SHOW



STARTS FRI 31 MARCH AT 10.30PM



TURNER PRIZE 2000  
LIVE FROM TATE BRITAIN  
TUESDAY 28 NOVEMBER, 8PM

## NOTES TO THE FINANCIAL STATEMENTS

### 18. Other commitments

	2000	1999
Capital expenditure	£m	£m
<b>Channel 4 and group</b>		
Amounts contracted but not provided for in the financial statements	1.6	0.2
Amounts authorised for expenditure but not contracted at 31 December	15.1	13.8

### Forward foreign exchange contracts

At 31 December 2000, Channel 4 had entered into commitments to purchase foreign currencies amounting to £79.9 million (1999: £43.4 million), maturing throughout 2001, in order to fix the sterling cost of satellite transponder capacity and of certain foreign programme and film purchase commitments.

### Digital 3 and 4 Ltd

Under the terms of the shareholder agreement for Digital 3 and 4 Ltd, Channel 4 is committed to meeting its share of contracted costs entered into by that company. Digital 3 and 4 Ltd has contractually committed £18 million per annum over the next 10 years for digital transmission and distribution. The exact annual monetary commitment will be dependent upon the time and coverage of roll-out of the digital transmission network. Channel 4's share is estimated to amount to £10 million per annum.

### Operating lease commitments

At 31 December the group had annual commitments under operating leases – all of which were for land and buildings – as set out below:

	2000	1999
Operating leases which expire:	£m	£m
within one year	0.8	1.3
after one year and within five years	0.2	0.2
after five years	3.6	3.2
	4.6	4.7

## NOTES TO THE FINANCIAL STATEMENTS

### 19. Pension costs

Channel 4 operates a contributory pension scheme providing benefits based on final pay. The assets of the scheme are held separately from those of Channel 4, being invested through Legal & General Assurance (Pensions Management) Ltd. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with Channel 4.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent independent valuation was as at 31 December 1999. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pension. It has been assumed that investment returns will outstrip salary increases by 1.75% per annum and that present and future pensions will increase at the rate of 3.75% per annum.

The pension charge for 2000 was £4.8 million (1999: £3.9 million).

The actuarial valuation at December 1999 showed that the market value of the scheme's assets was £74 million and that the actuarial value of those assets represented 118% of the benefits which had accrued to members, after allowing for expected future increases in earnings. The contributions of Channel 4 and employees remain at 15.3% and 6% of earnings respectively.

### 20. Related party transactions

Details of transactions in which members have an interest are disclosed on page 42.

Details of arrangements with associated companies are disclosed in notes 8 and 18.



## PROGRAMMES AND THE LICENCE

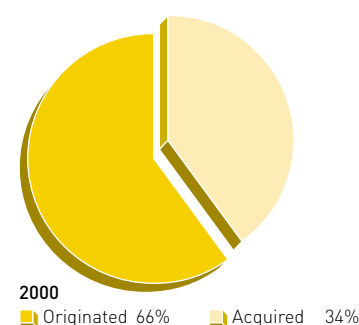
Channel 4 commissions programmes from a wide range of suppliers, including independent producers and the ITV companies and purchases programmes in the international markets.

Independent production companies are the most important source of originated programmes. 391 independent companies provided programmes transmitted on Channel 4 in 2000 (1999: 412). This reduction in independent producers supplying programmes to Channel 4 has been caused in part by consolidation within the independent production sector and the acquisition of some of those companies by television broadcasters, which results in a loss of independent producer status.

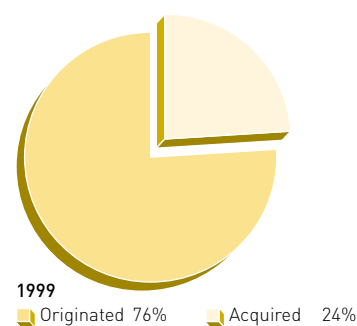
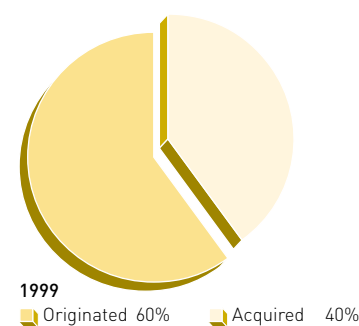
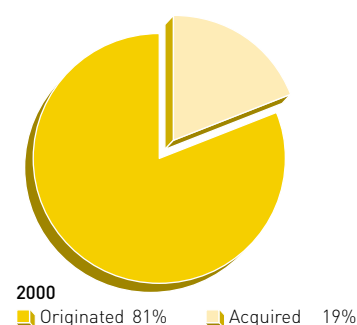
The source and cost of the programmes transmitted on Channel 4 in 2000 are shown in the table below:

	2000 Hours	1999 Hours	2000 £m	1999 £m
<b>Originated</b>				
Independents	3,638	3,785	226.5	242.1
Other	2,132	1,495	118.5	74.0
<b>Acquired</b>	5,770	5,280	345.0	316.1
	3,014	3,480	78.3	74.5
<b>Total</b>	<b>8,784</b>	<b>8,760</b>	<b>423.3</b>	<b>390.6</b>

Source of programmes as a percentage of total transmission hours



Source of programmes as a percentage of peak transmissions (6 pm to 10.30 pm)



## PROGRAMMES AND THE LICENCE

Channel 4 broadcast 8,784 hours in 2000 – 24 hours each day. The hours and costs of the channel's wide range of programme transmissions were as follows:

### Channel 4 main service: hours and costs of programmes

	2000 Hours	1999 Hours	2000 £m	1999 £m
Drama	1,001	936	92.4	78.1
Entertainment	1,702	1,537	88.8	82.1
Education	1,000	915	61.6	60.0
Sport	1,036	883	36.3	26.1
Feature films	1,100	1,356	28.2	28.8
Other factual	467	521	20.7	17.5
News	305	300	19.2	19.1
Current affairs	247	234	17.6	17.8
Documentaries	310	385	14.2	15.1
Arts and music	247	278	13.0	14.0
Multicultural	231	218	11.4	12.6
Quiz and gameshows	345	309	8.5	8.2
Children	721	819	6.7	7.5
Religion	72	69	4.7	3.7
<b>Total</b>	<b>8,784</b>	<b>8,760</b>	<b>423.3</b>	<b>390.6</b>

### Annual performance review

The ITC's review of Channel 4's performance in 2000 states:

'Channel 4 both built its audience in 2000 and delivered its remit for diverse and distinctive programmes. There were landmark series in a number of programme genres, including drama (**Longitude** and **Never Never** for example), education (**Elizabeth**), multicultural (the **Untold** season) and comedy (the surreal **Jam** and the **Black Books** sitcom).'

### FilmFour channel

The FilmFour channel broadcast for 4,456 hours in 2000 (1999: 4,337) with 53% of these hours being subtitled.

### E4

E4 did not commence broadcasting until 18 January 2001 and accordingly no programme cost in respect of the E4 service was charged to the profit and loss account during 2000.

Gritty and real doesn't have to be grim and ugly.



## PROGRAMMES AND THE LICENCE

### Channel 4 main service: the licence

The wide range and diversity of programmes shows that the remit is central to Channel 4's programming policy. The channel takes pride and pleasure in the challenge of fulfilling it in different ways each year. Our licence from the ITC, in addition to stipulating the need to meet the remit, places certain specific programme obligations on Channel 4.

### Principal licence requirements

	Compliance minimum	2000	1999
<b>Average hours per week</b>			
Education	7	11	10
News	4	5	5
Current affairs	4	5	4
Multicultural	3	4	4
Religion	1	1	1
<b>Hours per year</b>			
Schools	330	380	396
<b>Percentage</b>			
Original production			
– overall	60	66	60
– in peaktime (6 pm to 10.30 pm)	70	81	76
First run			
– overall	60	62	60
– in peaktime	80	82	81
Independent production*	25	66	76
European independent production*	10	41	42
European origin	50	70	65
Subtitling for the deaf and hard-of-hearing	60	69	62
Production expenditure outside London	30 (by 2002)	29	27
Training and development (% of qualifying revenue)	0.5	0.7	0.7

\*There are material differences in the definitions contained in the European and UK legislation for qualifying independent production.

### ITC

The ITC monitors compliance with broadcasters' licence obligations (including compliance with its regulatory codes) and entertains complaints about programmes. The ITC recorded 11 breaches of its code by Channel 4 in 2000 (1999: six), but none was judged serious enough to merit a sanction.

### Broadcasting Standards Commission

The Broadcasting Standards Commission entertains complaints:

- about unfair treatment and/or infringement of privacy. In 2000, no complaints about Channel 4's programmes were upheld (1999: four) and two were partially upheld (1999: none).
- concerning standards of taste and decency, and in 2000 six were upheld (1999: 15) and six partially upheld (1999: nine).

## CORPORATE GOVERNANCE

Channel 4 is committed to high standards of corporate governance throughout the group.

Channel 4's corporate governance procedures, adopted by the Board, have been designed to enable the group to comply with the Combined Code and the Turnbull Working Party recommendations. These procedures define the duties, constitution and responsibilities of the Board and the various Board committees.

The Board has full responsibility for maintaining high standards of corporate governance. The information and statements below describe how the principles identified in the Combined Code and the Turnbull Working Party recommendations, relevant to a statutory corporation without shareholders, were applied by Channel 4.

### Statement of compliance

The Board believes that the group has, throughout the accounting period, complied with the provisions set out in Section 1 of the Combined Code except that, given its constitution, Channel 4 cannot sensibly have a formal nomination committee. However, the following formal nomination procedures are in place:

- non-executive members are appointed for fixed terms by the ITC following consultation with Channel 4's Chairman and the approval of the Secretary of State for Culture, Media and Sport.
- the Chief Executive is appointed by the Board.
- other executive members are appointed to the Board after nomination by the Chief Executive and the Chairman acting jointly.

### The Board

The members, who constitute the Board, have full responsibility for ensuring that, in a changing public service and commercial broadcasting environment, the statutory functions of Channel 4 are discharged in accordance with the broadcasting licence issued by the ITC and policies regulated by the Board and in accordance with arrangements and procedures which have, to the extent required, the approval of the ITC.

The Board meets regularly and consists of between 13 and 15 members of whom the majority are independent non-executives. It has a formal schedule of matters reserved to it for decision and information is supplied to it in a timely manner. The roles of Chairman and Chief Executive are separate with a clear division of responsibilities between them. The division of these roles and the presence of a non-executive Deputy Chairman as senior independent director ensure there is a strong independent element to the Board and no one individual has unfettered powers of decision. All other non-executive members are of equal standing. Biographical details of the present members are given on page 74.

The non-executive members carry significant weight in Board decisions. They bring an independent judgement to bear on issues of strategy, performance and resources.

On appointment, all members are advised that they have access to advice and the services of the Corporation Secretary and, additionally, that they are entitled to seek independent professional advice in the furtherance of their duties, if necessary, at Channel 4's expense.

As a statutory corporation certain principles and provisions of the Combined Code in respect of relations with shareholders are not directly applicable. However, for those principles and provisions disclosed in Section C of the Combined Code that are relevant to Channel 4, the following procedures are in place:

- the ITC publishes an annual review of Channel 4's performance and compliance with the provisions as laid out in the broadcast licence.
- Channel 4's annual report is sent to the Secretary of State who lays copies of it before each House of Parliament.
- the terms of employment of the executive members are subject to the approval of the remuneration committee.

### Statement of members' responsibilities

Channel 4 is required by 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 in a form as directed by the Secretary of State for Culture, Media and Sport with the approval of the Treasury. The members therefore prepare financial statements in compliance with this direction and, to the extent applicable, with the provisions of the Companies Act 1985, and accounting standards currently in force, that give a true and fair view of the state of affairs of Channel 4 and the group as at the end of the financial year and of the profit or loss of the group for that year.

The members confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2000. The members also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The members are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of Channel 4 and the group, and to prevent and detect fraud and other irregularities.



# Film Fear

a horror weekend



featuring SCREAM and  
THE TEXAS CHAINSAW MASSACRE  
28-29 October



## CORPORATE GOVERNANCE

### Board committees

The Board has established the following three committees which each meet at least once every year:

### Audit committee

The audit committee's purpose is:

- to satisfy itself on all matters of financial propriety and procedure.
- to review the scope, results and cost effectiveness of the audit, the objectivity and independence of the auditors, and additionally the nature, extent and value for money of non-audit services supplied by the auditors.
- to discuss with Channel 4's external auditors any matters of concern arising out of their audit.
- to review the draft annual report and financial statements before presentation to the full Board.
- to monitor and ensure compliance with the Turnbull Working Party's guidance on internal control.
- to review Channel 4's continuous efficiency project which seeks to ensure that the group is incurring only appropriate expenditure and is obtaining full value for services provided.

Three non-executive members, Vanni Treves (Chairman), Joe Sinyor and Robin Miller, form the membership of the audit committee.

At the Chairman's invitation, Michael Jackson, David Scott, Janet Walker and the PricewaterhouseCoopers audit partner attend meetings of the committee. The audit partner has direct access to the Chairman at all times.

### Budget committee

The budget committee's purpose is to examine and discuss the details of the group's annual budget and any other significant financial matters which the full Board may wish to refer to the budget committee for detailed consideration.

The budget committee has six members: Vanni Treves (Chairman), Michael Jackson, David Scott, Janet Walker, Joe Sinyor and Robin Miller.

The budget committee reports to the Board, which retains the right of approval of the annual budget and business plan.

### Remuneration committee

The remuneration committee's purpose is to approve, in relation to the employees of Channel 4 and its subsidiary companies:

- the level of any general salary increases.
- merit or market rate increases for individuals.
- the group's pension fund arrangements and related employee benefits.

Fees payable to the non-executive Board members are determined by the ITC.

The remuneration committee consists entirely of non-executive members. Its members are Vanni Treves (Chairman), Andrew Graham, Barry Cox and Robin Miller. Michael Jackson, David Scott and Janet Walker attend meetings as appropriate.

No executive member attends meetings of the remuneration committee at times when any aspect of his or her remuneration or terms of employment are being discussed. The report on members' remuneration is provided on pages 70 and 71.

### Pension plan

There are six trustees of the Channel 4 Pension Plan who meet with the Plan's investment managers, Legal & General Assurance (Pensions Management) Ltd, several times each year. The Chairman of the trustees is Vanni Treves. The trustees include an independent member, Louise Botting; two of Channel 4's executives, David Scott and Peter Meier; and two employee representatives, Andrew Brenson and Julie Bunn.

### Reporting

The Board believes that the 2000 report and financial statements present a true and fair view of the state of affairs of Channel 4 and the group as at the end of the financial year and of the profit of the group for that year.

### Internal control

The Board has overall responsibility for Channel 4's system of internal control and for reviewing its effectiveness whilst the role of management is to implement Board policies on risk and control. The system of internal control is designed to manage rather than eliminate the risk of failure in the achievement of business objectives. In pursuit of these objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss. The key procedures that the Board has established can be summarised under the following headings:

### Control environment

Clear management responsibilities are established for the executive members. These are laid down in Channel 4's manual of operating procedures and terms of reference.

### Risk management

Management has a clear responsibility for the identification of risks facing the business and for putting in place procedures to monitor and mitigate such risks. In 1998, the Board initiated a group-wide, internal control and business risk evaluation process. This process is designed to identify, evaluate and ensure effective management of significant business, operational and financial compliance risks. This business risk evaluation process accords with the Turnbull guidance on internal controls and is reviewed by the audit committee on an annual basis.

### Management systems

Detailed annual budgets and business plans are prepared for each area of the business, and are approved by the budget committee and the Board. Detailed monthly management reports are produced, comparing actual income and expenditure with budgets and prior year, with full year forecasts prepared quarterly throughout the year. These reports are monitored by the members, and explanations are provided for all significant variances.

### Control procedures

All expenditure has to be authorised in line with limits set out in a comprehensive authorisation manual. Authorisation and payment duties are strictly segregated, and bank signatory limits are clearly defined by bank mandate.

### Monitoring system

The financial controls are monitored by management review and by the audit committee.

## CORPORATE GOVERNANCE

# FE, FI, FO, FUM.

ENGLAND V WEST INDIES  
LIVE FROM 15 JUNE

# QUEER AS FOLK 2

Back with a bang 

TUESDAY 15 AND 22 FEB  
FIGHTING THE FORCES OF BOREDOM

## REPORT ON MEMBERS' REMUNERATION

### Remuneration policy for executive members of the Board

The remuneration of executive Board members is determined by the remuneration committee, the membership and terms of reference of which are detailed on page 68. In framing its remuneration policy, the committee has given full consideration to the best practice provisions of the Combined Code.

Channel 4 aims to attract, motivate, and retain high calibre staff and executive Board members by rewarding them with competitive salary and benefit packages. These are established by reference to those salaries and benefit packages prevailing for executives of comparable status elsewhere in the television industry (albeit without any of the share option schemes available elsewhere).

Any bonus payments made to executives are based on performance and recommended and approved by the remuneration committee.

Andy Barnes participates in the advertising sales bonus scheme, which is linked to advertising revenue targets. These targets are

agreed by the remuneration committee before the start of each financial year.

### Service contracts

Each of the six executive members has a service contract subject to one year's notice.

### Taxable benefits

Executive members are eligible for a range of taxable benefits which include the provision of a company car and payment of its operating expenses; membership of a private medical insurance scheme, which is open to all staff; and the provision of a television and video for home use. These benefits are not pensionable.

### Remuneration policy for non-executive members of the Board

The ITC appoints non-executive Board members for fixed terms and determines their fees. They are entitled to the provision of a television and video for home use, and to reimbursement of travelling and accommodation expenses incurred in connection with attending Board meetings.

	2000	2000	2000	2000	1999
	Salary and fees	Bonus	Benefits	Total	Total
	£000	£000	£000	£000	£000
<b>Executive members</b>					
Michael Jackson	476	45	15	536	494
David Scott	333	30	17	380	357
Andy Barnes	242	119	15	376	385
David Brook	242	30	15	287	269
Tim Gardam	225	25	12	262	227
Janet Walker	231	25	1	257	221
<b>Non-executive members</b>					
Vanni Treves	62	-	-	62	61
Barry Cox	19	-	-	19	17
Andrew Graham	15	-	-	15	14
Robin Miller	15	-	-	15	13
Joe Sinyor	15	-	-	15	14
Millie Banerjee	15	-	-	15	-
Ian Ritchie	15	-	-	15	-
<b>Retired members</b>					
Frank McGettigan	17	-	-	17	223
Murray Grigor	-	-	-	-	14
Usha Prashar	-	-	-	-	14
Sarah Radclyffe	-	-	-	-	14
	1,922	274	75	2,271	2,337

Frank McGettigan left the company on 31 January 2000. Full disclosure of the £206,000 compensation received by him for loss of office was made in the report for 1999.

## REPORT ON MEMBERS' REMUNERATION

### Pension

Executive members are eligible for membership of the Channel 4 Pension Plan on the same basis as all other members of staff.

The plan is contributory, at 6% of pensionable salary, and provides members with a pension based on 1/50th of final pensionable pay for each year of service up to a maximum of two thirds of final pensionable earnings.

Non-executive members are not eligible for membership of the Channel 4 Pension Plan.

The executive members of the plan during 2000 were as follows:

	Month of start of pensionable service	Members' contributions during 2000 £000	Increase in accrued pension entitlement during 2000 £000	Total accrued pension entitlement at 31 December 2000 £000
Michael Jackson	July 1997	9	3	11
David Scott	November 1981	20	12	125
Andy Barnes	December 1991	9	2	63
David Brook	December 1997	9	3	9
Tim Gardam	January 1999	9	3	6
Janet Walker	May 1998	9	3	8

- the pension entitlement shown is that which would be paid annually on retirement from the age of 60 but based on service to the end of 2000.

- the increase in accrued pension during the year excludes any increase for inflation.

- the accrued benefits for Michael Jackson, Andy Barnes, David Brook, Tim Gardam and Janet Walker, each of whom joined the scheme after June 1989, have been restricted as a result of the impact of the Inland Revenue's 1989 'earnings cap'.

- members who are not subject to the earnings cap have the option to pay Additional Voluntary Contributions (AVCs) to a separate scheme. Neither the AVCs made nor the resulting benefits accrued have been included in the above table.

The benefits provided to all members of the Channel 4 Staff Pension Plan are as follows:

- normal retirement age is 60.

- there is a spouse's pension of one half of a scheme member's pension in the event of death in retirement and of one half

of a scheme member's present expected pension in the event of death in service. There is an additional benefit equal to one half of the benefit payable to the spouse in respect of each child up to the age of 18, or 23 if in full time education, subject to a maximum of two children.

- pensions in course of payment, in excess of the Guaranteed Minimum Pension, increase at 5% per annum compound, or the increase in the retail prices index if lower.

- scheme members who leave before completing two years' service receive a refund of their own contributions. Scheme members who leave having completed at least two years' service receive a benefit from normal retirement date preserved within the scheme, calculated as above, but relating to pensionable service and pensionable earnings up to date of leaving.

- an early retirement option exists from the age of 50. Any scheme member taking an early retirement option receives a pension at a discounted rate.

- there is a provision for a member to exchange part of the retirement pension for cash.

# Elizabeth. First.



A season of film  
premières begins  
Sunday 3 September, 9pm



# LONGITUDE

ONE MAN CAN CHANGE  
THE WORLD FOR ALL TIME



NEW DRAMA FROM FOUR  
2ND AND 3RD JANUARY 2000

## HISTORICAL RECORD

### Profit and loss account

For the year ended 31 December	1993 £m	1994 £m	1995 £m	1996 £m	1997 £m	1998 £m	1999 £m	2000 £m
<b>Turnover</b>	343.9	408.4	464.0	518.6	552.7	590.5	642.1	<b>716.4</b>
Cost of transmissions and sales	(278.4)	(285.7)	(309.0)	(358.1)	(406.9)	(467.4)	(564.1)	<b>(643.1)</b>
<b>Gross profit</b>	65.5	122.7	155.0	160.5	145.8	123.1	78.0	<b>73.3</b>
Administrative expenses	(15.4)	(17.1)	(19.1)	(20.6)	(21.2)	(25.7)	(24.4)	<b>(29.0)</b>
Depreciation	(5.7)	(8.4)	(7.7)	(7.6)	(7.9)	(8.9)	(8.7)	<b>(10.5)</b>
Exceptional relocation expenses	-	(9.4)	-	-	-	-	-	-
<b>Operating profit</b>	44.4	87.8	128.2	132.3	116.7	88.5	44.9	<b>33.8</b>
Net interest	(5.5)	(4.2)	(0.1)	2.0	2.4	3.8	1.1	<b>2.0</b>
<b>Profit before ITV subsidy and taxation</b>	38.9	83.6	128.1	134.3	119.1	92.3	46.0	<b>35.8</b>
Subsidy payable to ITV	(38.2)	(57.3)	(74.0)	(87.1)	(89.9)	(66.0)	-	-
<b>Profit before taxation</b>	0.7	26.3	54.1	47.2	29.2	26.3	46.0	<b>35.8</b>
Taxation	0.6	(4.4)	(19.3)	(17.9)	(10.7)	(8.6)	(13.1)	<b>(14.3)</b>
<b>Retained profit for the year</b>	1.3	21.9	34.8	29.3	18.5	17.7	32.9	<b>21.5</b>

## HISTORICAL RECORD

### Advertising and sponsorship revenue

	1993 £m	1994 £m	1995 £m	1996 £m	1997 £m	1998 £m	1999 £m	2000 £m
Channel 4	330.1	393.9	448.0	490.4	513.4	559.6	600.5	<b>651.7</b>
ITV, GMTV, S4C and Channel 5	1,483.1	1,602.7	1,693.4	1,762.2	1,876.8	2,023.0	2,176.9	<b>2,315.7</b>
	1,813.2	1,996.6	2,141.4	2,252.6	2,390.2	2,582.6	2,777.4	<b>2,967.4</b>
	%	%	%	%	%	%	%	%
Channel 4	18.2	19.7	20.9	21.8	21.5	21.7	21.6	<b>22.0</b>
ITV, GMTV, S4C and Channel 5	81.8	80.3	79.1	78.2	78.5	78.3	78.4	<b>78.0</b>
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	<b>100.0</b>

### Audience share

	1993 %	1994 %	1995 %	1996 %	1997 %	1998 %	1999 %	2000 %
BBC 1	32.7	32.4	32.2	32.5	30.8	29.5	28.4	<b>27.2</b>
BBC 2	10.2	10.6	11.1	11.5	11.6	11.3	10.8	<b>10.8</b>
ITV and GMTV	40.0	39.5	37.3	35.1	32.9	31.7	31.2	<b>29.3</b>
<b>Channel 4 and S4C</b>	<b>11.0</b>	<b>10.7</b>	<b>10.9</b>	<b>10.7</b>	<b>10.6</b>	<b>10.3</b>	<b>10.3</b>	<b>10.5</b>
Channel 5	-	-	-	-	2.3	4.3	5.3	<b>5.7</b>
Satellite and cable	6.1	6.8	8.5	10.2	11.8	12.9	14.0	<b>16.5</b>
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	<b>100.0</b>

Source: BARB all individuals



## MEMBERS

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### Non-executive members

#### Chairman

**Vanni Treves** (age 60)

Appointed Chairman in January 1998. His appointment runs to the end of 2001. He is a partner in the City solicitors, Macfarlanes, and Chairman of The Equitable Life Assurance Society and of the London Business School.

#### Deputy Chairman

**Barry Cox** (age 58)

Appointed Deputy Chairman in February 1999. His appointment runs until 31 January 2003. He is a former director of the ITV Association. He is a consultant with ITN and United Broadcasting and Entertainment and chairs the Advisory Board on DTT Frequency Planning.

**Millie Banerjee** (age 53)

Joined the Board in January 2000. Her appointment runs until the end of 2003. She is an independent consultant in the telecommunications field, non-executive director of the management Board of the Cabinet Office and a member of the Nurses Pay Review Board.

**Peter Bazalgette** (age 47)

Joined the Board on 1 April 2001. His appointment runs until 31 March 2004. He is creative director of Endemol Entertainment UK Ltd and a non-executive director of Brighter Pictures Ltd, Victoria Real Ltd and Zeppotron Ltd.

**Andrew Graham** (age 58)

Joined the Board in April 1998. His appointment runs until 31 March 2004. He is Acting Master and Master Elect of Balliol College, Oxford.

**Robin Miller** (age 60)

Joined the Board in February 1999. His appointment runs until 31 January 2003. He is Chairman of EMAP plc, and a director of the Horserace Totalisator Board and the Moss Bros Group.

**Ian Ritchie** (age 50)

Joined the Board in January 2000. His appointment runs until the end of 2003. He is the non-executive Chairman of four technology start-up companies and serves on the board of Scottish Enterprise.

**Joe Sinyor** (age 43)

Joined the Board in April 1998. His appointment runs until 31 March 2002. He is Chief Executive, Newspapers, for Trinity Mirror plc.

### Executive members

**Michael Jackson** (age 42)

Chief Executive since July 1997. He is Chairman of 4 Ventures Ltd and FilmFour Ltd and a non-executive director of EMI Group. Prior to joining Channel 4 he was an independent producer (1981 to 1989); with the BBC as editor of The Late Show (1989); Head of Music and Arts (1991); Contoller of BBC 2 (1993); and Director of Television and Contoller of BBC 1 (1996).

**David Scott FCA** (age 46)

Managing Director since January 1997, having been Director of Finance since 1988. He is Chairman of Go Racing Ltd and 124 Facilities Ltd, Deputy Chairman of FilmFour Ltd, a director of 4 Ventures Ltd and a member of the British Screen Advisory Council. He joined Channel 4 as Contoller of Finance in 1981. Prior to that he was with Peat Marwick Mitchell (1972 to 1981).

**Andy Barnes** (age 45)

Commercial Director since July 1997. He is a director of British Audience Research Bureau Ltd (BARB). He joined Channel 4 in 1991 as Head of Advertising Sales. Prior to that he was Deputy Sales Director of TVS.

**David Brook** (age 40)

Director of Strategy and Development since November 1997 and a director of 4 Ventures Ltd. Prior to joining Channel 4 he was Director of Marketing and Communications at Channel 5 (1996 to 1997) and Marketing Director at the Guardian Media Group (1990 to 1996).

**Tim Gardam** (age 44)

Director of Programmes since December 1998. He is Chairman of Channel Four International Ltd, and a director of 4 Ventures Ltd. Prior to joining Channel 4 he was Contoller, News and Current Affairs and Documentaries for Channel 5 (1996 to 1998) and Head of Current Affairs for the BBC (1993 to 1996). He is a former Editor of Newsnight and Panorama and Executive Producer of Timewatch.

**Janet Walker ACA** (age 47)

Director of Finance and Business Affairs since April 1998. She is a director of Channel Four International Ltd and 4 Ventures Ltd, and a governor of the National Film and Television School. She was Deputy Director of Finance at Channel 4 between 1990 and 1994, Financial Contoller, BBC Regional Broadcasting (1994 to 1996) and Finance Director of Granada Media Group (1996 to 1998).

### Secretary

**Andrew Brann**

The ages shown above are at 31 December 2000.