

Assurance report

Independent limited assurance report of KPMG LLP to Channel Four Television Corporation ('Channel 4')

We were engaged by Channel 4 to report on the key measures in the charts in the Statement of Media Content Policy disclosures ('the key measures') on pages 18 to 39 of Channel 4's Annual Report for the year ended 31 December 2015 ('the 2015 Annual Report') in the form of a limited assurance conclusion about the proper preparation of the key measures, in all material respects, in accordance with Channel 4's own Methodology for reporting ('the Methodology').

This independent assurance report is made solely to Channel 4 in accordance with the terms of our engagement. Our work has been undertaken so that we might state to Channel 4 those matters that we have been engaged to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than Channel 4 for our work, for this independent assurance report, or for the conclusions we have reached.

Responsibilities of the Channel 4 Members

The members of Channel 4 are responsible for the fair presentation of the Statement of Media Content Policy disclosures within the 2015 Annual Report, and the information and statements contained therein, including the proper preparation of the key measures, in accordance with the Methodology.

The members are responsible for developing the Methodology. The members have summarised the Methodology on Channel 4's website at channel4.com/annualreport. That summary provides further information on: specific definitions; how data has been selected; and the calculation methodology.

It is the members' responsibility to develop, operate and maintain internal systems and processes relevant to the proper preparation of key measures that are free from material misstatement, whether due to fraud or error.

Responsibilities of KPMG LLP

Our responsibility is to independently express a limited assurance conclusion to Channel 4, based on the procedures performed and evidence obtained, as to the proper preparation of the key measures, in all material respects, in accordance with the Methodology.

We conducted our work in accordance with International Standard on Assurance Engagements 3000: *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. That Standard requires that we obtain sufficient, appropriate evidence on which to base our conclusion. We comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and we apply International Standard on Quality Control (UK and Ireland) 1 *Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements*. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including

independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) as well as applicable legal and regulatory requirements.

Scope of work

A limited assurance engagement involves planning and performing procedures to obtain sufficient appropriate evidence to give a meaningful level of assurance over the key measures as a basis for our limited assurance conclusion. The procedures selected depend on our judgement, on our understanding of the key measures and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. The primary focus of our work was on the key measures for the year ended 31 December 2015 and the comparisons with the immediate prior year.

For the key measures that are based on information derived within Channel 4 (identified as Source: Channel 4), the procedures performed included:

- conducting interviews with management and other personnel at Channel 4 to obtain an understanding of the systems and controls used to generate, aggregate and report the key measures;
- examining and testing of the systems and processes in place to generate, aggregate and report the key measures, and assessing compliance with the Methodology;
- assessing the completeness and accuracy of the key measures by:
 - testing the operating effectiveness of systems and controls;
 - assessing relevant supporting documentation used to aggregate and report the key measures;
 - assessing the significant assumptions and judgements made by the managers of Channel 4 in the preparation of the key measures;
 - testing the documentation which supports the measurement, calculation and estimation of the key measures; and
 - assessing and testing the source information used to generate the key measures; and
- examining the presentation of key measures and the calculation of year-on-year trends in Channel 4's Annual Report in light of our findings.

For the key measures calculated based on information from outside of Channel 4 (identified as Source: BARB, Ipsos MORI, Attentional, Ofcom and Broadcast), the procedures performed included:

- conducting interviews with management and other personnel at Channel 4 to obtain an understanding of the external information used and the level of information available to support the measures;
- assessing the accuracy of extraction from external information sources and the compilation of trends for the medium-term viewing measure, and assessing compliance with the Methodology; and
- examining the presentation of key measures and the calculation of year-on-year trends in Channel 4's Annual Report in light of our findings.

For the following key measures based on information from Channel 4's third party online data service providers:

- total visits to Channel 4 websites and apps on page 38; and
- programme views initiated on All 4 on page 38.

The procedures performed included:

- assessing the accuracy of the calculation performed within Channel 4, and assessing compliance with the Methodology; and
- examining the presentation of key measures and the calculation of year-on-year trends in Channel 4's Annual Report in light of our findings.

For all key measures, the following procedures have been performed in relation to the Methodology:

- examining the Methodology and understanding the key assumptions and inherent limitations therein, and any changes to prior year Methodology; and
- for any key measures with a change in Methodology since the prior year, considering the appropriateness of the change in Methodology and checking that the prior year key measure was properly restated in accordance with the revised Methodology.

We have not examined, and we do not express a conclusion on, the key measures for years prior to the year ended 31 December 2014 other than in the following cases:

- for the key measures for which the source of the data is Ofcom or Broadcast (on pages 21 to 22) the 2015 data was not yet available, we therefore performed the procedures above on the data for the years ended 31 December 2014 and 2013; and
- we agreed the TV viewing share from BARB from 2011 to 2015 found on page 35 to original source data.

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. 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.

Key assumptions and inherent limitations

For the key measures calculated based on information from outside of Channel 4 (identified as Source: BARB, Ipsos MORI, Attentional, Ofcom and Broadcast) we have relied upon the information supplied to Channel 4 by these sources, as applicable, and have not carried out any independent verification procedures on the information so provided to Channel 4.

We have not carried out any independent verification procedures on the information provided to Channel 4 by its third party online data service providers for the two key measures identified in the Scope of work above.

Conclusion

Based on the procedures performed and evidence obtained, and subject to the key assumptions and inherent limitations set out above, nothing has come to our attention that causes us to believe that the key measures on pages 18 to 39 of the 2015 Annual Report Data are not properly prepared, in all material respects, in accordance with the Methodology.

Karen Wightman

for and on behalf of KPMG LLP
Chartered Accountants
London
7 April 2016