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Radio Telefís Éireann Authority

Forty-first Report and Statement of Accounts for the 12 months ended 31 December 2001, presented to the Minister for Arts, Heritage, Gaeltacht and the Islands pursuant to sections 25 and 26 of the Broadcasting Act, 1960.

INTRODUCING OUR SHAREHOLDER'S CHAIR.
RTÉ IS, IN EVERY SENSE, THE PROPERTY OF THE PEOPLE OF IRELAND.
OUR PRINCIPAL SHAREHOLDERS ARE AT THE SAME TIME
OUR PRIMARY FOCUS – OUR AUDIENCE.



Chairman's Statement



Patrick J. Wright

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Normally, our Annual Report looks at the recent past. In this statement, however, I want to look forward as well. As Ireland's public broadcaster, it is our job to deliver a national broadcasting service that is independent, impartial and able to reflect the diversity of Irish life. We have always seen our role as enabling Irish stories to be told.

Now, and in the future, that role is vital. Ireland has a place in the world, a place to be proud of. In every conceivable way, we have made phenomenal progress as a country. To take just one example, the Irish story that will unfold throughout the World Cup this summer will reflect our image around the world. RTÉ will help to tell that story too - at home and abroad - and to bring international stories of interest to Ireland.

If the story is to be told, it has to be heard as well. That's why we regard it as fundamental that the people must have ready access to all our services - by cable, satellite or terrestrial broadcasting. Our decision this year to join the Sky Digital platform is the latest step towards ensuring universal availability of RTÉ's output in the digital age. This move makes RTÉ channels available to new audiences - and strengthens the choice of access for many existing viewers and listeners. And, as a result of our agreement with Sky, RTÉ will significantly increase the distribution of our television channels in Northern Ireland - a practical manifestation of the Good Friday agreement, and an ideal way to improve understanding and communication.

In 2001, the Authority's main policy concerns lay in three areas. These were the need to raise the level of RTÉ's funding, both public and commercial, the scale of its current financial difficulties and the restructuring of the organisation. These three issues - and the complex links between them - will remain at the top of the Authority's list of priorities in the foreseeable future.

Over the last ten years, we have pointed to RTÉ's growing over-reliance on commercial revenue. Consistently, we have made the case for a core level of index-linked public funding to enable us to guarantee the Irish people the range and quality of broadcasting services they are entitled to expect.

The Broadcasting Act, 2001, has extended our public service remit. We are delighted that it has. And we are committed to giving value for money by delivering our services as effectively, efficiently and transparently as possible. However, it is vital to strike the right balance between licence fee revenue and commercial income. If commercial considerations alone determine the choice of programmes and schedules offered by RTÉ, then clearly the organisation cannot fulfil its obligations as a public service broadcaster.

That is why the most significant event for RTÉ in 2001 was the Government's decision, announced on July 2, to increase public funding for broadcasting. RTÉ argued in its submission for a licence fee increase that the level of funding would determine public broadcasting's ability to serve the people at a time when changing technology and market structures are intensifying the challenge for domestic broadcasters in small economies such as Ireland. The rise in the television licence fee from €88.88 (IR£70.00) to €107 (IR£84.50) was both welcome and necessary but it was not enough.

Despite this increase, RTÉ's public funding remains far below the European average. I welcome the Minister's commitment to undertake an early review of the level of increase in the television licence fee. The Authority and the Executive are directing every effort to secure a satisfactory outcome to that review. I am pleased to record that, since July 2001, RTÉ has made significant progress to meet the tests that will be applied when the licence fee application is reviewed. We will continue to work closely with the Minister and the officials of the Department of Arts, Heritage, Gaeltacht and the Islands in order to achieve a licence fee set at a rate sufficient to remove the uncertainties clouding the outlook for public service broadcasting in this country.

Throughout 2001, and reflecting comparable television advertising patterns around Europe and particularly in the UK, RTÉ's commercial income was under sustained market pressure. As a result, commercial income for the year was roughly 9% lower in 2001 than in the previous year, 2000. These pressures were most notable in the last quarter of 2001 and have continued, albeit at a lesser rate, into the early part of 2002.

The reduction in commercial revenue, allied to a 7% increase in costs, year-on-year, together with a lower level of licence fee increase, resulted in an Operating Deficit before Exceptional Items for 2001 of some €40m (IR£31.5m) which compares to an Operating Deficit before Exceptional Items in 2000 of €14.2m (IR£11.2m). The scale and trend in Operating Deficit is clearly unsustainable and RTÉ faced a crisis that demanded, and received, an immediate response from the Authority and from the Executive.

Every part of the organisation was required to scale back its ambitions for 2002, and in the process all costs were reviewed, and where possible reduced, with the result that, in a number of cases, departments and units were closed, some of which have been in operation since 1961. Most importantly, and in addition to the 330 staff (net) who previously entered into voluntary severance/early retirement arrangements under the original Transformation Agreements, a further 150 early departures (net) are planned to take effect by mid 2002. The cost of this further re-organisation was also a major component of the Non-Operating Exceptional Items

Chairman's Statement

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for 2001, amounting in total to some €30.9m (IR£24.3m), and which, when added to the Operating Deficit, resulted in a total Net Deficit for 2001 of €70.9m (IR£ 55.8m). The Authority recognises that the impact of these decisions is very difficult both for long-serving members of staff and for those younger people who look forward to a future in broadcasting. I acknowledge this in the context of recording the Authority's sincere appreciation of the staff of RTÉ.

We are totally committed to that future. That is why in December last the Authority tasked the Executive to complete an organisational review and to bring forward a strategic plan for the period 2002-2005. We want a comprehensive plan that anticipates future challenges. Crucially, we want a plan that recognises the changing expectations of our audience. And it must show how RTÉ will change to meet those expectations. This plan will be completed during the first half of 2002, and will be complementary to our submission to the Forum on Broadcasting – which is itself an initiative we warmly welcome.

Meeting the expectations of our audience is, of course, the job we are expected to do every day. A key decision taken by the Authority was to invest almost €32m (IR£25m) of the Cablelink sale proceeds in 1999 in a Programme Development Fund in order to support indigenous programme-making over a five year period. Already, the benefits of that investment are clear to see. "Fair City", now screening four episodes a week, has strengthened its position as the most popular television drama series in Ireland. Contemporary drama, as diverse as "Bachelor's Walk" and "No Tears", demonstrates RTÉ's commitment to the highest creative standards in domestic programmes.

On television, radio, news and in the new media, RTÉ is outstanding value for money. The public's recognition of this is evident in strong ratings and high shares of listening and viewing. When the necessary increase in the television licence fee is secured, the first call on the additional funding will be to produce more and better programmes. Our job, as I said at the start, is to help in telling the Irish story. Our commitment is to do it excellently.



Patrick J. Wright

RTÉ

The Authority

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RTÉ

The total number of Authority meetings held in 2001 was 12.

Chairman

Patrick J. Wright

Vice-Chairman of Aer Lingus, Director of Smurfit Group and Director of Anglo-Irish Bank Group

RM | FR

Joe Barry

Former Director-General RTÉ and a Governor of the National Gallery

A | FR

Anne Doyle

RTÉ staff member and Newscaster

FR

Des Geraghty

General President SIPTU

RM | FR

Attended

12

10

10

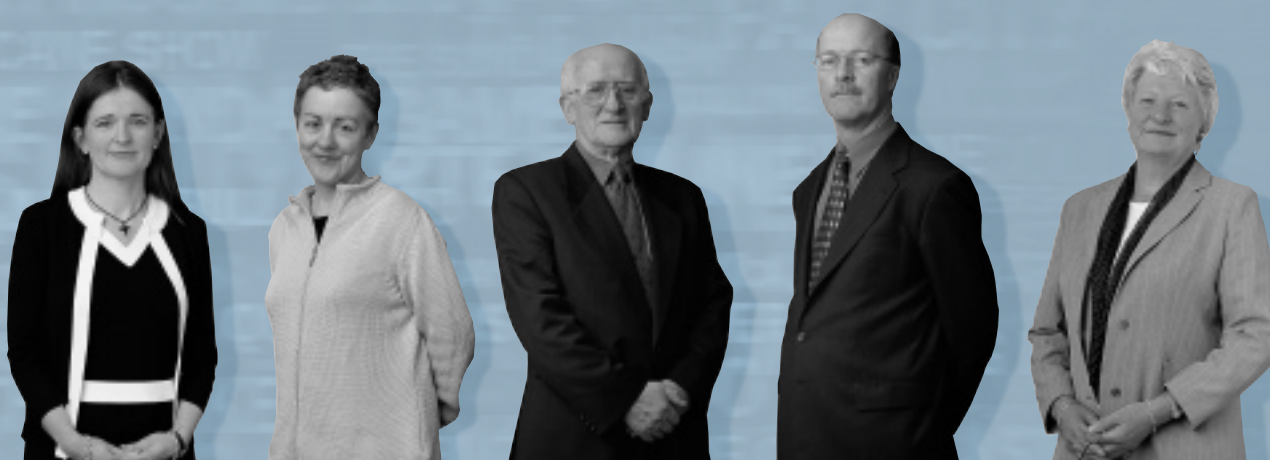
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RM Member Remuneration and Management Development Sub-Committee

P Member Programme Sub-Committee

A Member Audit Committee

FR Member Finance and Revenue Sub-Committee

**Maura Hayes**

Solicitor

P**10****Garry Hynes**Artistic Director,
Druid Theatre**P****8****Paddy Marron**Former Chief Executive,
Nestlé Ireland**PIA****5**
Appointed in July 2001**Stephen O'Byrnes**

Business Consultant

PIA**10****Mary Peters**Retired businesswoman
and Olympic gold medalist**RM****8****Mary Redmond****Attended 4**

Resigned 31 May 2001

A**RTE**

BACHELORS' WALK THE LATE LATE SHOW
LEAGUES MIDWINTER MARIAN FINUCANE SHOW
WIMPING STREAK SPORT AN TSATHAR THE SUNDAY GAMES
HUACHT RTE CONCERT ORCHESTRA

RTÉ'S DIVERSE SCHEDULES PUT THE AUDIENCE FIRST.

RTÉ KEEPS IRELAND ENTERTAINED BY MUSIC, DRAMA AND SPORT,
INFORMED BY NEWS AND CURRENT AFFAIRS THAT IS INDEPENDENT, AUTHORITATIVE
AND FAIR AND INSPIRED BY THE LINKS WITH OUR CULTURE AND HERITAGE,
CONTEMPORARY AND TRADITIONAL, THAT RADIO AND TELEVISION
CAPTURE AND BRING TO LIFE.



ENTERTAIN



INFORM



INSPIRE

Director-General's Annual Review



Bob Collins

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In 2001, RTÉ's broadcasting responded to two crises in public life that, in different ways, registered profound effects on Ireland and the Irish people abroad. The year began with the danger of foot and mouth disease and by September came the attacks in America. In both circumstances, broadcasting played its essential part as a reliable source of information and as a place where the public can come together to share their feelings and voice their concerns.

The shockwave of September 11 2001 was massive and immediate – that Tuesday has become a defining moment for everyone who lived through the tragedy. For Irish people with close and deeply rooted links to North America, and to New York City in particular, identification with the victims and the survivors was instinctive. As Ireland's public broadcaster, RTÉ's challenge was complex. First, there were the demands of good journalism: to go where the news is happening, to establish the facts, to report them with clarity and sensitivity. Reflection and analysis followed, probing the implications of events and assessing the response in all its forms - popular, political and military.

So many RTÉ programmes answered to the crisis that I am reluctant to single out one broadcast or another. Even so, Radio 1's "Rattlebag" team set a tone of condolence and hope that impressed not only in Ireland but also across the United States when the programme was relayed there. On television, a special edition of "The Late Late Show" told a set of extraordinary personal stories and, in doing so, traced intimate links between Ireland and the city of New York. The public response to these and other programmes, through e-mails and phone calls, gave a sense of how people here were struggling to grasp the human implications of a tragedy witnessed on television and radio.

The repercussions of what happened in America on September 11 have registered around the world. The war in Afghanistan, with its effects on all countries in that region, and the conflict in the Middle East have been exceptionally demanding for RTÉ's journalists and production teams. Compared with other public broadcasters, RTÉ's specialists in foreign affairs are a small group whose skills and commitment were called upon to an extreme degree in 2001. In the dangerously polarised conditions of the latter part of the year, their distinctive, independent perspectives offered a model answer to the question of why Irish audiences need their own public service broadcaster. Indeed, at the very time when our limited resources for overseas reporting were stretched to the utmost, we were all the more aware of those parts of the world – in Africa, Latin America and India – where we were unable to follow important developments for ourselves. Not only are events in these continents

significant in themselves, they are also happening in places where many Irish people have committed themselves to work in various capacities.

The outbreak of foot and mouth disease in Britain and Northern Ireland at the beginning of the year posed a grave and immediate threat to our economic and social life. It was necessary for the entire community, urban as well as rural, to recognise and respond to the risk, and RTÉ's programmes and on-line services made a telling contribution to the co-ordinated national campaign against the disease. The reach of our broadcasting is such that it was possible to supply all sections of the population with information suited to their particular needs and interests. Every part of the schedule made its contribution, from farming reports and traffic bulletins to sports coverage and the mainstream television and radio programmes. Special information bulletins, a foot and mouth website and a dedicated Aertel page were important elements of the national effort. Public representatives and expert commentators have acknowledged broadcasting's contribution, noting that the community in general was well informed, highly aware and concerned about the hazards of the disease. It is right for me to take this opportunity to record my appreciation to the various national agencies for their collaboration in providing information for broadcast and also to the many RTÉ staff for their exceptional effort in this emergency.

These two great crises, domestic and international, demonstrated broadcasting's role as a public forum. In other and less dramatic ways, that function was fulfilled in reports on elections in Britain and Northern Ireland and in coverage of the referendum on the Treaty of Nice. Referenda pose a special challenge for RTÉ in its responsibility to give fair and impartial hearing to the range of views in the debate. In the light of the latest court judgments, it is no longer practicable for RTÉ to transmit political party broadcasts during referenda campaigns. The reason is that it is not possible to offer the same facility to interest groups other than the political parties. A well-established procedure now monitors the allocation of time to the various positions and shades of opinion campaigning in referenda, and RTÉ has been pleased to work with the Referendum Commission to help ensure that the public is well informed about the questions put to the voters in each referendum.

Health, environment, transport, immigration, and the economy were areas of public life that stayed high on the broadcast agenda throughout the year. On television, the documentary series "Nurses" gave an insight into the reality of health care provision; "Endgame – Peace in Ireland" (in association with the BBC) was a compelling

narrative of the negotiations that opened a new phase of political progress; and "Winds of Change" took the coming of the Euro as an opportunity to investigate the economic policies that exert deep influence on our lives. "Radio One World", the television series "Mono", the documentary on asylum seekers and the drama "Bad Day at Blackrock" all reflected the changes in the make-up of our population.

Broadcasting must address our common concerns, but our television and radio should also serve a diversity of interests and audiences. In 2001, we saw the completion of the Beckett project when, for the first time, all the plays were filmed for television broadcast, cinema exhibition and distribution on DVD. This was a prestige series in which RTÉ took the creative initiative, joined with independent producers and other public broadcasters, and produced a resource of lasting importance. It is an example of the distinctive contribution that RTÉ can make to Irish cultural life as well as an encouragement to develop an appropriate media celebration of James Joyce's "Ulysses" for the centenary of Bloomsday in 2004.

2001 was the year when RTÉ Radio marked its 75th anniversary with an imaginative schedule of programmes that recalled and evaluated the contribution of sound broadcasting since the establishment of the State. Thanks to a travelling exhibition that told the story "From the Wireless to the Web" in libraries, shopping centres and other public places, the celebration went out among the listeners. A CD-ROM on the history of Irish radio, illustrated with highlights from the archive, was presented to every school in the country, as was "Ireland's Millennia", a CD-ROM reference work of Irish history, geography and biography. These are just two examples of the wider benefit that broadcasting can provide by using new media to create resources for education. New broadcasting technologies have also enabled Raidió na Gaeltachta to extend its schedule and transmit round-the-clock since November 2001. In addition, ISDN lines have been installed in smaller Gaeltachtaí so as to increase their potential to contribute to the output of the service.

RTÉ has responded to all these editorial, creative and technical challenges with energy and determination. The achievements of 2001 are impressive. Writing in last year's annual report, I expressed the hope that in 2001 we would achieve an appropriate level of secure public funding to underpin the future of the broadcasting services. The licence fee increase awarded last summer goes some way towards meeting the need. However, the fall in commercial income, a fall that accelerated in the uniquely testing conditions after September 11, has highlighted the importance of adequate public funding. RTÉ's deepening financial difficulties towards the end of 2001 called for emergency cuts in the resources available to support the service we give to the public. It is in

the nature of such adjustments to yield only a short-term benefit in the form of a brief respite from the pressures generated by contracting income.

Looking to the future, a more ambitious plan to address the problem is required and so in the winter of 2001-2002 we have been carrying out a strategic review. The aim is to present the RTÉ Authority with well tested policy options. On the basis of that exercise, together with the reorganisation that has followed the Government's preliminary decision in response to the request for an increased television licence fee, we will be urging a review of the application at the earliest date possible. The Minister's establishment of the Forum on Broadcasting is a welcome opportunity for a national debate on what the country needs from its broadcasting services. RTÉ looks forward to the Forum with the confidence that a representative spectrum of voices will endorse the case for public broadcasting and the funding it requires.



Bob Collins

Executive Board 2002

Bob Collins

Director-General



Liam Miller

Managing Director -
Organisation & Development



Cathal Goan

Director of Television



Conor Hayes

Chief Financial Officer



Geraldine O'Leary

Director of Sales and Marketing



Ed Mulhall

Director of News



Bride Rosney

Director of Communications



Helen Shaw

Director of Radio

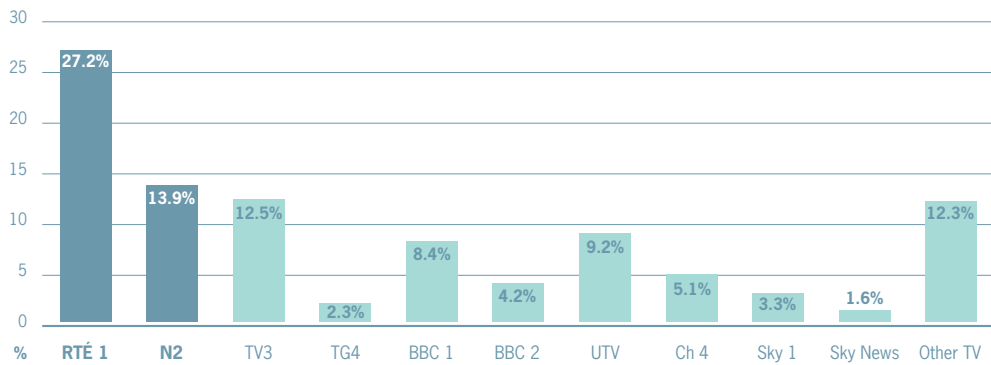


NINE OUT OF TEN IRISH HOMES WATCH RTÉ TELEVISION EVERY WEEK.

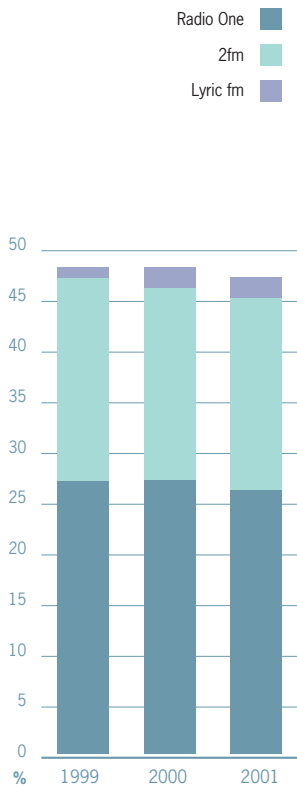


Summary Statistical Information

National individuals all day television share 2001

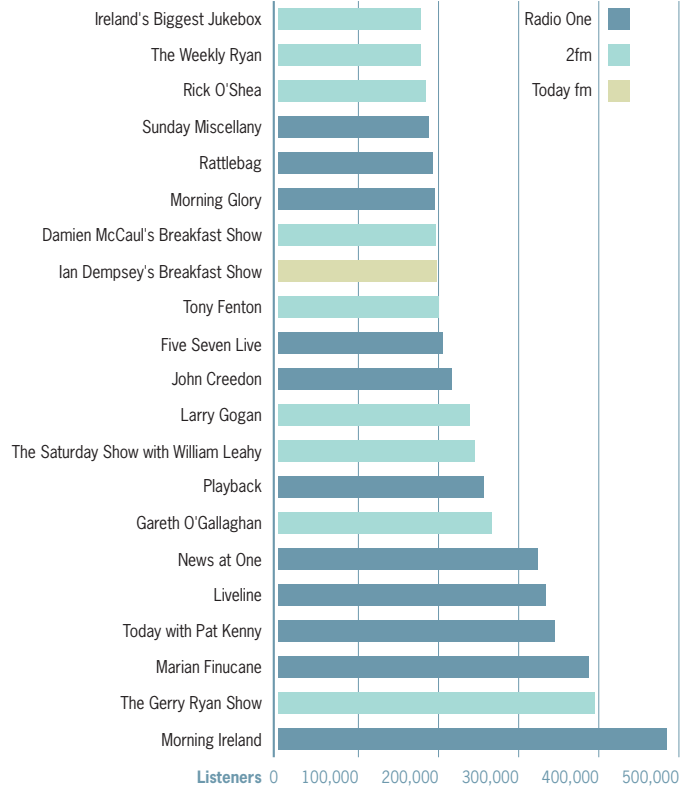


7am - 7pm market share of RTÉ Radio 1999 - 2001



Top 20 weekday and weekend national radio programmes in Ireland - programme reach 2001

The Weekly Ryan and Ireland's Biggest Jukebox are in joint 20th position.

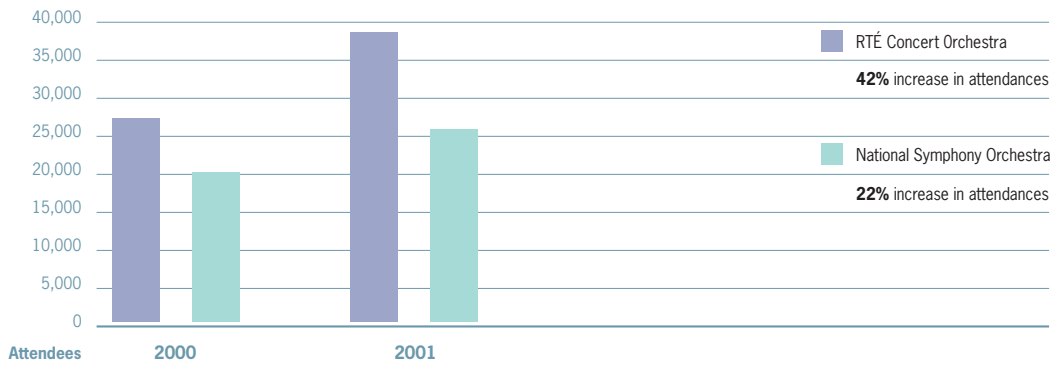


Source: JNLR/MRBI Weekday and Weekend Survey Reports, January-December 2001



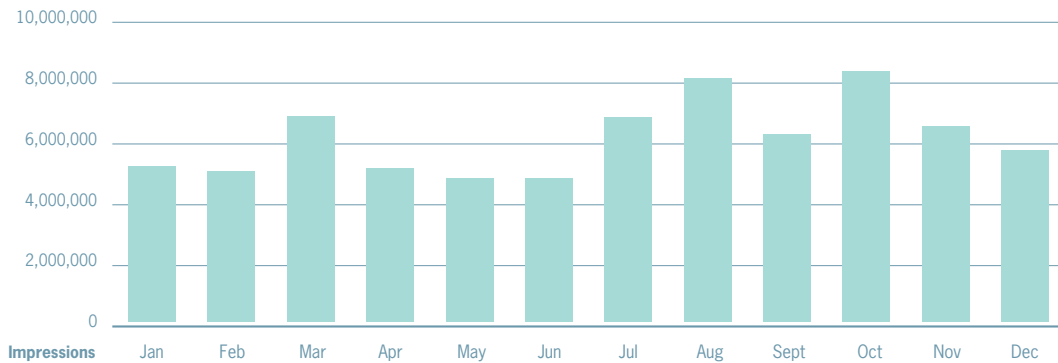
Summary Statistical Information

RTÉ Music attendances at the National Concert Hall 2000 - 2001

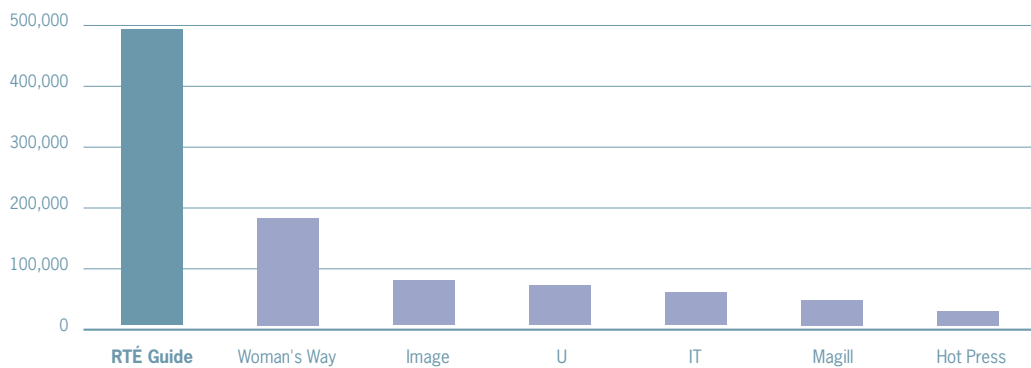


RTÉ Online page impressions per month 2001

An impression (frequently called a hit) is a visitor count to the website page and is a standard measurement of website traffic

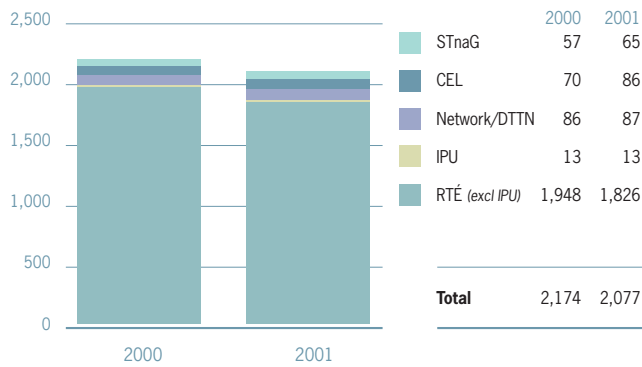


RTÉ Guide consumer magazine market readership share

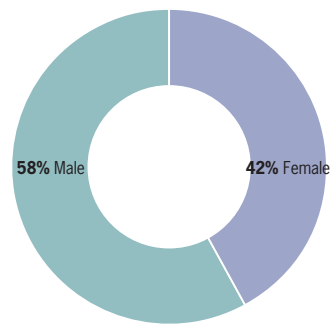


Summary Statistical Information

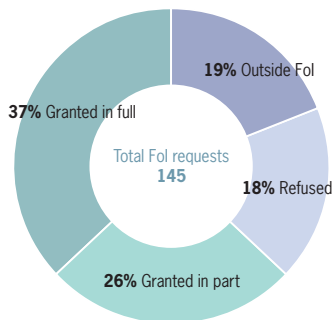
Group Staff Analysis 2000 - 2001



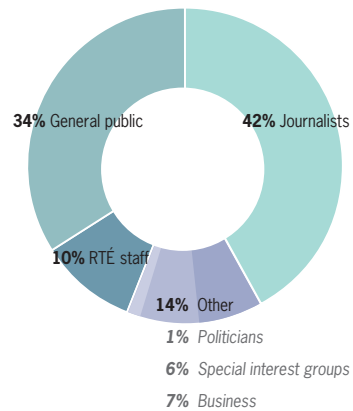
Staff Gender Breakdown 2001



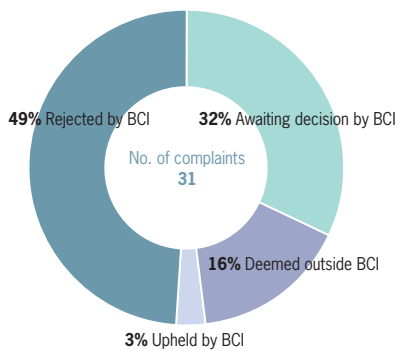
Freedom of Information Office (Fol) requests for information 2001



In **82%** of all requests some or all of the records requested were made available



Complaints to Broadcasting Complaints Commission (BCC) 2001



Members of the public who are not satisfied with RTÉ's response for requests are entitled to a review process. During 2001 only two members of the public asked the Office of the Information Commission to review RTÉ's handling of their requests.

ANDREW CROSS AWARD

Best religious television programme in the category of Current Affairs/Worship/Documentary.

Guns into Ploughshares

Joint production - Dermot McCarthy, RTÉ and Denis Bradley, UTV

BAFTA

Best Children's Drama

Custer's Last Stand-up (1st episode of series 1)

An RTÉ/BBC co-production.

Produced by Mickey McGowan

BANFF TELEVISION FESTIVAL

Special Jury Award

The Gold Rush

EBU Documentary Group. Co-produced by SVT (Sweden), ZDF (Germany), NRK (Norway), DR (Denmark), RTÉ (Ireland), VRT (Belgium), and YLE (Finland)

CELTIC FILM FESTIVAL

Jury Award

Behind Closed Doors - Prime Time Special

Eddie Doyle and David Nally

CHRIS AWARD (USA)

Dust in the wind

Jim Fahy and Caroline Bleahan

Slave without Chains

Charlie Bird and Caroline Bleahan

CHRISTIAN BROADCASTING COUNCIL (UK)

ANNUAL MEDIA AWARDS

Gold Award - Best TV Documentary

Guns into Ploughshares

Joint production - Dermot McCarthy, RTÉ and Denis Bradley, UTV

ESB AWARD FOR CAMPAIGNING AND SOCIAL ISSUES

6.01 News report on immigrant workers in Roscommon

Tony Connelly

ESB AWARD FOR CURRENT AFFAIRS

Abbeylara - Prime Time Special

Angela Daly and Mike Milotte

ESB AWARD FOR SOCIAL DOCUMENTARY

In Excess - Prime Time Special

Niamh O'Connor and Fiona McCarthy

ESB AWARD FOR SPORTS COVERAGE

Colm Murray

ESB NATIONAL MEDIA AWARD

Para-Olympics in Sydney

Colm Murray

ESB NATIONAL MEDIA AWARD

Television Journalists of the Year

Eddie Doyle and Mark Little

Afghanistan - the Hostage Nation - Prime Time Special

THE EUROPEAN MOVEMENT EUROPEAN OF THE YEAR AWARD 2001

Tommie Gorman

EUROPEAN TV FESTIVAL OF RELIGIOUS PROGRAMMES

Reflection and Meditation category

Passion for Life - The everyday Good Friday

Dermot McCarthy

FILM FESTIVAL AWARDS RTÉ / IRISH FILM BOARD

Give Up Yer Oul Sins

Galway Film Fleadh
Best Short Animation (1st)

Le Dogs

Galway Film Fleadh
Best Short Animation (2nd)

The Marriage

Galway Film Fleadh
Best 1st Short (3rd)

Coolockland

Galway Film Fleadh
Best Irish Short (1st)

Coolockland

United International Pictures (UIP) Director's Awards
Winning Director
Live Action Short

Give Up Yer Oul Sins

Cork Festival
Jameson Short Film Award
for Best Irish Short Film

Give Up Yer Oul Sins

Cork Festival
Best International Short Film

The Case of Majella McGinty

Sienna Shortfilm Festival
Main Prize

Zulu 9

Cork Festival
Audience Award for Best
Irish Short

JUSTICE AND MEDIA AWARD - THE LAW SOCIETY

Stardust - The Legacy - Prime Time Special

Joe Little

SOUTH BANK SHOW AWARD

Beckett on Film - A Blue Angel/Tyrone Production for RTÉ and Channel 4 with Bord Scannán na hÉireann.
Produced by Michael Colgan and Alan Moloney

RTÉ Radio Awards

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COMHALTAS CEOLTÓIRÍ ÉIREANN

Outstanding contributions to traditional music
Presenters Ciarán Mac Mathúna, Donncha Ó Dúlaing,
Kieran Hanrahan and Peter Browne, Radio 1, and
journalists Meaití Ó Fátharta and Mairtín Davy Ó Coistealbha,
Raidió na Gaeltachta

DEUTSCHE WELLE AWARD - GERMANY

Pipemaker's Journey
Peter Browne

ESB NATIONAL MEDIA AWARDS

News and Current Affairs
Five Seven Live - Bloody Sunday Tribunal coverage
George Jackson
Five Seven Live - Live Radio Column
Brenda Power

Features and Documentaries

Another Time, Another Space - Radio 1
Tim Lehane

Campaigning and Social Issues

Liveline
Joe Duffy

Sport

Sportsweek
Des Cahill and Adrian Eames

GOLD DISC AWARD

Fairytale of New York
Gerry McArdle, Colette Proctor and Aodan Ó Dubhghaill

GOLD MARK TIME AWARD - MINNEAPOLIS

Tread Softly Bill Lizard - Radio 1
Roger Gregg

JUSTICE MEDIA AWARDS

Five Seven Live summer 2001 series, 'Children in Trouble'

THE NEW YORK FESTIVALS

Human Relations Category - The Gold Award
A Girl Called Maria - Radio 1
Lorelei Harris and Mandy McAuley

OIREACHTAS COMMUNICATIONS AWARD - RADIO / GRADAM CUMARSÁIDE AN OIREACHTAIS - RAIDÍÓ

Máirtín Tom Sheáinín Mac Donnchadha
Raidió na Gaeltachta

PPI AWARDS (PHONOGRAPHIC PERFORMANCE IRELAND)

National Station of the Year

Radio 1

Best Station of the Year

Radio 1

Best Drama Programme

4 big days in the life of Dessie Banks - Radio 1
Aidan Stanley

Music Broadcaster of the Year

The Mystery Train - Radio 1
John Kelly

Best News Coverage

Five Seven Live for September 11, 2001 reports

News/Sports Broadcaster of the Year

Today with Pat Kenny

Short Form

Today with Pat Kenny
Paul Durcan diary

Best Station Sound

Lyric fm

Best Spoken Word

Artszone - Lyric fm

PREMIOS ONDAS INTERNATIONAL COMPETITION FOR RADIO AND TELEVISION PROGRAMMES

A Day in the Life of Kitty Sway - Radio 1
Michelle Read and Fiona Kelly

PRINT AND DISPLAY DIGITAL AWARDS

Signage and Backlights Category
2fm for its telephone kiosk promotion

Signage and Backlights Category – joint runner-up
Radio 75 Wireless to the Web 48-sheet posters

SHERKIN ISLAND MARINE STATION ENVIRONMENT AWARD

Seascapes
Tom MacSweeney

WOMAN OF THE YEAR AWARD IN MEDIA

Media category
Marian Finucane

RTÉ

FOUR RADIO STATIONS AS DIVERSE AS OUR CHANGING POPULATION.



LYRIC fm

2fm

RAIDÍÓ NA GAELTACHTA

RADIO ONE

**Cuntais Chomhdhlúite don bhliain dár chríoch
31 Nollaig 2001, mar aon le Tuarascáil na nIníochóirí****Consolidated Accounts for the Year Ended
31 December 2001 together with Auditors' Report**

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Statement of the Authority's Responsibilities

For the year ended 31 December 2001

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The Authority has prepared and is responsible for the accompanying accounts, the notes to the accounts, the choice of the accounting policies used in their preparation and the other related financial information contained in this annual report. The Group's accounts, which give a true and fair view of the state of affairs of the Group and of its deficit for the year, have been prepared in conformity with applicable accounting standards, and with professional guidelines for good practice, applying prudent and reasonable estimates and informed judgements as required. The Group maintains systems of internal control which have been designed to give reasonable assurance that transactions are executed in accordance with management's authorisation, that assets are safeguarded, that fraud is prevented and that proper financial records are maintained. To ensure the effective application of the Group's internal controls, the services of qualified personnel have been secured and duties properly allocated among them.

The Audit Committee of the Authority meets periodically with the external auditors to discuss the Group's internal accounting controls, the choice of accounting policies, the external audit programme, the statutory audit report, financial reporting and other related matters. The external auditors have full and unrestricted access to the Audit Committee.

Ráiteas faoi Fhreagrachtaí an Údaráis

don bhliain dár chríoch 31 Nollaig 2001

RTÉ

Maidir leis na cuntais agus na nótaí leis na cuntais atá ag gabháil leis an ráiteas seo, le roghnú na bpolasaithe cuntasaiochta a úsáideadh agus iad á n-ullmhú agus an t-eolas airgeadais gaolmhar eile atá sa tuarascáil bhliantúil seo, is é an tÚdarás a chuir á n-ullmhú iad agus atá freagrach iontu. Ullmhaíodh cuntais an Ghrúpa, a thugann léiriú fíor agus cothrom ar staid chúrsaí an Ghrúpa agus ar fharasbarr na bliana, de réir na gcaighdeán cuntasaiochta cuí agus na dtreoirlínte gairmiúla dea-chleachtas, ag baint feidhme as meastacháin chiallmhara is réasúnta mar aon le breithiúnais bunaithe ar fhaisnéis de réir mar ba ghá. Tá córais inmheánacha rialaithe ar bun ag an nGrúpa a cruthaíodh d'fhonn a chinntiú oiread agus is féidir go ndéanfaí bearta de réir údarú na bainistíochta, go gcosnófaí sócmhainní, go gcosfaí caimiléireacht agus go gcoinneofaí taifid chearta airgeadais. Tá daoine cáilithe fostaithe agus dualgais roinnte go cuí eatarthu chun a dheimhniú go gcuirfí rialtáin inmheánacha an Ghrúpa i bhfeidhm go héifeachtach.

Bíonn cruinnithe féilteúla ag Coiste Iniúchta an Údaráis leis na hiniúcháirí seachtracha chun plé a dhéanamh ar rialtáin chuntasaiochta inmheánacha an Ghrúpa, ar roghnú na bpolasaithe cuntasaiochta, ar an gclár seachtrach iniúchta, ar an tuarascáil iniúchta reachtúil, ar thuirisciú airgeadais agus ar chúraimí gaolmhara eile. Bíonn lán-teacht gan srian ag na hiniúcháirí seachtracha ar an gCoiste Iniúchta.

Auditors' Report

Independent Auditors' Report to the Members of the RTÉ Authority:

We have audited the accounts of RTÉ for the year ended 31 December 2001 on pages 30 to 49. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

Respective Responsibilities of the Authority and Auditors

As described in the Statement of the Authority's Responsibility, the Authority is responsible for preparing the Annual Report and accounts in accordance with applicable law and Accounting Standards generally accepted in Ireland.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and Auditing Standards promulgated by the Auditing Practices Board in Ireland and the United Kingdom.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Broadcasting Authority Acts, 1960 to 2001. We also report to you whether, in our opinion, proper books of account have been kept by RTÉ. In addition, we state whether we have obtained all the information necessary for the purposes of our audit and whether RTÉ's balance sheet and its statement of income and expenditure are in agreement with the books of account.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement, the Director-General's Annual Review, Summary Statistical Information, Five Year Summary of Financial Statistics and the Statement of the Authority's responsibilities. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Authority in the preparation of the accounts, and of whether the accounting policies are appropriate to RTÉ'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 accounts 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 accounts.

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of RTÉ and the Group as at 31 December 2001 and of the Group's deficit and cash flows for the year then ended and have been properly prepared in accordance with the Broadcasting Authority Acts, 1960 to 2001.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by RTÉ. RTÉ's balance sheet and statement of income and expenditure are in agreement with the books of account.






Arthur Andersen
Chartered Accountants and Registered Auditor
Andersen House
Dublin

18 April 2002

Consolidated Statement of Income and Expenditure

For the year ended 31 December 2001




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	Notes	2001 €000	2000 €000
Revenue	1, 2	258,238	263,646
Expenditure	3	(304,420)	(285,328)
Operating Deficit	1	(46,182)	(21,682)
Income from financial assets, net	4	287	429
Interest receivable and similar income		6,430	7,713
Interest payable and similar charges	5	(536)	(644)
		(40,001)	(14,184)
Non-operating Exceptional Items	6	(30,896)	-
Deficit on Ordinary Activities before Tax	1, 7	(70,897)	(14,184)
Tax on deficit on ordinary activities	9	-	(76)
Deficit for the year		(70,897)	(14,260)
Income and Expenditure Account, start of year		200,862	215,122
Income and Expenditure Account, end of year		129,965	200,862
<p>There are no recognised gains or losses other than the deficit for the year.</p> <p>The accompanying notes and statement of accounting policies are an integral part of this statement of income and expenditure.</p>			
  			
Patrick J Wright Chairman	Bob Collins Director-General	Paddy Marron Authority Member and Chairman of the Audit Committee	
<p>Approved by the Authority on 18 April 2002.</p>			

RTÉ

Consolidated Balance Sheet




For the year ended 31 December 2001

	Notes	2001 €000	2000 €000
Fixed Assets			
Tangible assets	10	134,485	127,195
Intangible assets	11	756	-
Financial assets	12	2,284	2,436
		137,525	129,631
Current Assets			
Stocks	13	807	1,015
Debtors	14	42,539	43,778
Marketable securities		73,323	127,822
Cash in hand and at bank		19,195	30,830
		135,864	203,445
Creditors: Amounts falling due within one year	15	(69,691)	(69,921)
		66,173	133,524
Net Current Assets		66,173	133,524
Total Assets less Current Liabilities		203,698	263,155
Capital Grants - non repayable Exchequer advances	16	(15,829)	(14,814)
Provisions for liabilities and charges	17	(57,904)	(47,479)
		129,965	200,862
Net Assets	1	129,965	200,862
Capital and Reserves			
Income and expenditure account		129,965	200,862
<p>The accompanying notes and statement of accounting policies are an integral part of this balance sheet.</p>			
  			
<p>Patrick J Wright Chairman</p>		<p>Bob Collins Director-General</p>	
<p>Paddy Marron Authority Member and Chairman of the Audit Committee</p>			
<p>Approved by the Authority on 18 April 2002.</p>			

RTÉ Balance Sheet

For the year ended 31 December 2001




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	Notes	2001 €000	2000 €000
Fixed Assets			
Tangible assets	10	105,657	103,312
Financial assets	12	732	732
		106,389	104,044
Current Assets			
Stocks	13	807	1,015
Debtors	14	37,764	44,247
Marketable securities		73,323	127,822
Cash in hand and at bank		1,849	7,445
		113,743	180,529
Creditors: Amounts falling due within one year	15	(56,134)	(60,857)
		57,609	119,672
Net Current Assets			
		163,998	223,716
Total Assets less Current Liabilities			
		(57,904)	(47,479)
Provisions for Liabilities and Charges	17		
		106,094	176,237
Net Assets			
		106,094	176,237
Capital and Reserves			
Income and expenditure account		106,094	176,237
<p>The accompanying notes and statement of accounting policies are an integral part of this balance sheet.</p>			
  			
Patrick J Wright Chairman	Bob Collins Director-General	Paddy Marron Authority Member and Chairman of the Audit Committee	
<p>Approved by the Authority on 18 April 2002.</p>			

RTÉ

Consolidated Statement of Cash Flow

For the year ended 31 December 2001

	Notes	2001 €000	2000 €000
Net Cash Outflow from Operating Activities	20 (a)	(30,673)	(790)
Returns on Investments and Servicing of Finance	20 (b)	6,331	8,271
Taxation		(76)	-
Disposal of Investment		-	76,185
Capital Expenditure	20 (b)	(28,053)	(22,708)
Non-operating Exceptional Items	20 (b)	(18,872)	(13,283)
		(71,343)	47,675
Management of Liquid Resources	20 (b)	57,624	(52,265)
Decrease in Cash	20 (c)	(13,719)	(4,590)
<p>The accompanying notes and statement of accounting policies are an integral part of this balance sheet.</p>			
<div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;">  <p>Patrick J Wright Chairman</p> </div> <div style="text-align: center;">  <p>Bob Collins Director-General</p> </div> <div style="text-align: center;">  <p>Paddy Marron Authority Member and Chairman of the Audit Committee</p> </div> </div> <p>Approved by the Authority on 18 April 2002.</p>			

RTÉ Balance Sheet

Statement of Accounting Policies

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The consolidated accounts have been drawn up under the historical cost convention and are laid out in the form approved by the Minister for Arts, Heritage, Gaeltacht and the Islands, after consultation with the Minister for Finance, under the Broadcasting Authority Act, 1960, as amended.

The principal accounting policies are set out below. All of these policies have been applied consistently throughout the year and the preceding year.

A Basis of Consolidation

The consolidated accounts are made up to 31 December 2001 and the financial years of all subsidiaries end on that date. All intercompany transactions and balances have been excluded in the preparation of the accounts.

B Revenue

Revenue, which excludes VAT and transactions between companies in the Group, comprises principally television licence fee income, broadcast commercial income and publications and other commercial income arising in the normal course of business. Revenue is stated net of settlement and volume discounts.

C Television Licence Fee Income

Television licence fee income is collected by An Post and paid over to the Department of Arts, Heritage, Gaeltacht and the Islands, net of collection costs. The Department makes a non repayable "grant-in-aid" in lieu of the net amount collected by An Post to RTÉ, as provided in Section 8 of the Broadcasting Authority (Amendment) Act, 1976. Television licence fee income is recognised when the amounts are collected by An Post.

D Broadcast Commercial Income

Broadcast commercial income comprises income from advertising and sponsorship. Advertising income is recognised on transmission date and sponsorship income is recognised as it falls due.

E Publications and Other Commercial Income

Publications income is recognised upon sale of the related publication. Other commercial income is recognised as it falls due.

F Programme Expenditure

The costs of bought-in, in-house and co-produced programmes are charged to the statement of income and expenditure as incurred.

G Pension Costs

The Group, through the RTÉ Superannuation Fund and the RTÉ defined contribution pension scheme, provides pensions for a substantial number of employees.

The amount charged to the statement of income and expenditure is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the statement of income and expenditure over the average remaining service lives of employees.

Any difference between amounts charged to the statement of income and expenditure and contributions paid to pension schemes is included in Debtors or Creditors in the balance sheet.

RTÉ

RTÉ Balance Sheet

Statement of Accounting Policies

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H Staff Reduction Costs

The Group provides for the full cost of staff reduction programmes arising from restructuring of the organisation and subsidiary companies, even if the restructuring programmes extend beyond the current year. Such costs may include immediate payments (lump sums) and future payment of a reduced salary until the persons involved qualify for pension entitlements. The total cost to the Group is charged to the statement of income and expenditure in the year in which the restructuring programme is announced and commences.

I Taxation

Irish and overseas corporation tax payable is provided on taxable profits at current rates. The Group's licence fee income is exempt from corporation tax.

The taxation liabilities of certain Group companies are reduced wholly or in part by the surrender of losses by fellow Group companies.

Deferred tax assets are not recognised where it is probable that an asset will not crystallise.

J Teilifis na Gaeilge

Expenditure incurred by RTÉ's wholly owned subsidiary, Seirbhísí Theilifís na Gaeilge Teoranta, comprises capital and operational costs in relation to Teilifís na Gaeilge (TG4), the Irish language television channel which has been established in accordance with Government broadcasting policy.

Capital expenditure is funded by the Exchequer by way of Capital Grants (non-repayable Exchequer advances). These grant amounts are amortised on the same basis as the related assets are depreciated.

Operational costs, which comprise programming and administrative expenditure, net of advertising revenue, are funded by way of grants-in-aid received from the Exchequer. This expenditure has been offset, in the statement of income and expenditure, against the related grants-in-aid.

K Tangible Fixed Assets

Tangible fixed assets are shown at original cost, net of accumulated depreciation.

Depreciation is provided on all tangible fixed assets, except freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life. The principal rates used are as follows:

	%
Buildings	2.5
Plant and equipment	7.5 - 20
Fixtures and fittings	<u>10</u>

L Intangible Assets - Investments in programmes for future sale

Investments in programmes for future sale are stated at cost, after writing off the costs of programmes that are considered irrecoverable, less accumulated amortisation. Amortisation of investment in programmes for future sale is charged to the statement of income and expenditure over the estimated average marketable life of the programme, which is generally 3 years.

RTÉ

RTÉ Balance Sheet

Statement of Accounting Policies

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M Financial Fixed Assets

Interests in associated companies are recorded using the equity method of accounting under which the Group's share of post-acquisition profits less losses is included in the statement of income and expenditure and added to or deducted from the carrying value of these interests in the balance sheet. Fixed asset investments are stated at cost less provisions for permanent diminution in value.

In RTÉ's own balance sheet, interests in subsidiary and associated companies are stated at cost less provisions for permanent diminution in value.

N Provisions

Provisions are accounted for in accordance with Financial Reporting Standard 12 'Provisions, contingent liabilities and contingent assets'. The costs of a present obligation are provided for when a transfer of economic value is likely to be required to settle the obligation and the Group is able to make a reliable estimate thereof. If the Group is able to avoid this expenditure by altering its future actions then no provision for the obligation is recognised.

Obligations to be incurred in future years are discounted to their present values by applying an appropriate discount rate. Future payments are deducted from the provision as they mature and related interest is charged annually to the statement of income and expenditure.

O Marketable Securities

Marketable securities comprise cash, cash instruments and Government gilts which are externally managed on behalf of the Authority.

These marketable securities are valued by reference to market prices prevailing at the balance sheet date. Interest receivable from these marketable securities is reflected in the market value of these assets and is therefore included in Interest Receivable and Similar Income in the statement of income and expenditure.

For the purposes of cash flow reporting, and in accordance with Financial Reporting Standard No. 1, certain deposits classified as 'Cash at Bank' on the balance sheet are treated as 'Liquid Resources' in the Consolidated Statement of Cash Flow.

P Stocks

Stocks, which comprise engineering stores, are stated at the lower of cost and net realisable value. Cost comprises expenditure in bringing these engineering stores to their present location and condition.

Stocks which are known to be obsolete at the balance sheet date are written off to the statement of income and expenditure and a provision is made in respect of stocks which may become obsolete in the future.

Q Leases

Rentals under operating leases are charged on a straight-line basis over the lease term.

R Foreign Currency

In the accounts of individual companies, transactions denominated in foreign currencies are recorded at actual exchange rates at the date of the transaction or, where appropriate, at the rate of exchange in related forward exchange contracts. Monetary assets and liabilities denominated in foreign currencies are translated using the rates of exchange prevailing at the balance sheet date or, where appropriate, the rates of exchange in related forward exchange contracts. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the statement of income and expenditure.

Notes to the Consolidated Accounts

For the year ended 31 December 2001

1 Principal Activity and Segmental Information

RTÉ's principal activity is the provision of television and radio broadcasting services within Ireland.

Segmental information by principal class of business is analysed as follows:

	Teilifis na Gaeilge		Other Broadcasting		Publications and Other Commercial		Group Total	
	2001 €'000	2000 €'000	2001 €'000	2000 €'000	2001 €'000	2000 €'000	2001 €'000	2000 €'000
(a) Revenue:								
Segment revenue (Note 2)	-	-	231,204	231,757	27,034	31,889	258,238	263,646
(b) (Deficit) Surplus on ordinary activities before taxation:								
Segment operating (deficit)/surplus	(9,084)	(8,248)	(40,860)	(21,226)	3,762	7,792	(46,182)	(21,682)
Exceptional restructuring Charge	-	-	-	-	-	-	-	-
Cost of sale of network	-	-	-	-	-	-	-	-
Income from financial assets, net	-	-	-	-	287	429	287	429
Net interest receivable and similar income	-	-	4,897	6,140	997	929	5,894	7,069
Non-operating exceptional items	-	-	(29,096)	-	(1,800)	-	(30,896)	-
(Deficit)/surplus on ordinary activities before taxation	(9,084)	(8,248)	(65,059)	(15,086)	3,246	9,150	(70,897)	(14,184)
(c) Net Assets:								
Segment net assets/(liabilities)	(46,203)	(37,120)	149,608	212,234	26,560	25,748	129,965	200,862

Segmental information for Teilifis na Gaeilge comprises the results of the statutory entity, Seirbhísí Theilifís na Gaeilge Teoranta, and costs incurred by RTÉ. Seirbhísí Theilifís na Gaeilge's operational expenditure and programme acquisition costs, which totalled €22.9 million (net of advertising and other revenue) in the year ended 31 December 2001 (2000 - €17.7 million), have been funded by way of grants-in-aid received directly from the Exchequer. This expenditure has been offset against the related grants-in-aid. Costs incurred by RTÉ, which amounted to €9.1 million in the year ended 31 December 2001 (2000 - €8.2million), represent net costs incurred by RTÉ in the provision of programmes, engineering support and other services to Teilifis na Gaeilge in accordance with Government broadcasting policy.

Segmental information for Publications and Other Commercial has been determined by reference to the statutory accounts of the relevant subsidiary. The principal broadcasting entity provides certain products and services to this subsidiary, without charge.

Notes to the Consolidated Accounts

For the year ended 31 December 2001

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	2001 €000	2000 €000
2 Revenue		
Revenue is analysed as follows:		
TV licence fees	94,940	84,415
Broadcast commercial income		
- Television	98,325	112,318
- Radio	30,029	28,673
Other income	7,910	6,351
Total broadcasting revenue	231,204	231,757
Publications and other commercial revenue	27,034	31,889
	258,238	263,646
3 Expenditure		
Expenditure is analysed as follows:		
Direct programme expenditure:		
- Television programmes (a)	158,554	147,909
- Radio programmes	37,972	36,419
- Music performances	10,714	9,938
Total direct programme expenditure	207,240	194,266
Engineering and general expenditure	28,642	25,736
Depreciation (RTÉ only)	14,886	14,198
Selling and distribution costs	9,169	8,251
Administrative expenses	20,063	20,700
Exceptional item – Impairment of tangible fixed assets	3,238	-
Total broadcasting expenditure	283,238	263,151
Publications and other commercial	21,182	22,177
	304,420	285,328
(a) Television programme expenditure includes costs of €31.7 million (2000 - €20.7 million) in respect of Independent Commissions.		
4 Income from Financial Assets, net		
Dividends received from investments	287	429

RTÉ

Notes to the Consolidated Accounts

For the year ended 31 December 2001

	2001 €000	2000 €000
5 Interest Payable and Similar Charges		
On bank loans, overdrafts and other loans repayable within five years, not by instalments	335	12
Interest charge on restructuring costs (Note 17)	201	632
	536	644
6 Non-operating exceptional items		
Provision for restructuring costs (a)	21,500	-
Network costs written off (b)	7,596	-
Write off of amounts receivable from Tara Television Limited	1,800	-
	30,896	-
(a) In light of the ongoing difficulties faced by RTÉ, a restructuring plan was developed by management and approved by the Authority in November 2001. This plan, involving a net reduction of approximately 150 in employee numbers, was communicated to all Group personnel in November 2001, and detailed discussions with staff and their representatives in relation to its implementation have been ongoing since that date. The cost of implementing this plan is estimated at €21.5 million.		
(b) The RTÉ Authority, in consultation with the Department of Arts, Heritage, Gaeltacht and the Islands has previously made a decision to dispose of RTÉ's Transmission Network. During the year ended 31 December 2001, transaction costs and fees of €4.4 million have been incurred in relation to this sale. In addition, provision has also been made in the amount of €3.2 million, in respect of the related costs of an agreed reduction in employee numbers planned to take place as part of this sale process. In light of the uncertainty surrounding the timing of this potential sale, the entirety of these costs, amounting to €7.6 million, has been fully written off during the year ended 31 December 2001.		

Notes to the Consolidated Accounts

For the year ended 31 December 2001

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	2001 €000	2000 €000
7 Deficit on Ordinary Activities before Taxation		
Deficit on ordinary activities before taxation is stated after charging:		
Authority members' fees	123	48
Auditors' remuneration	89	83
Chief Executives' remuneration (a)		
- RTÉ	151	165
- RTÉ Commercial Enterprises Limited	100	104
- Teilifís na Gaeilge	113	88
Amortisation of intangible assets	756	-
Depreciation of tangible fixed assets	19,070	19,932
Operating lease rentals	1,093	406
(a) These amounts reflect all remuneration received by the relevant individuals, including annual basic salary, bonuses paid, benefits in kind and regular superannuation benefits.		
All of the deficit arises from continuing activities.		
In the separate accounts of RTÉ, the deficit for the year amounted to €75,365,000 (2000 - deficit €15,469,000).		
8 Staff Costs	2001	2000
The average number of full time employees of the Group was as follows:		
Broadcasting	1,991	2,104
Publications and Other Commercial	86	70
	2,077	2,174
Seirbhísi Teilifís na Gaeilge Teoranta had 65 (2000 - 57) full time employees in the year included within broadcasting above.		
Group staff costs during the year amounted to:	2001 €000	2000 €000
Wages and salaries	96,369	90,155
Social welfare costs	5,708	4,838
Pension costs (Note 18)	6,466	5,413
	108,543	100,406
Seirbhísi Teilifís na Gaeilge Teoranta had direct employee costs, in the amount of €3,007,000 (2000 - €2,235,000), which have been funded by grants-in-aid received from the Exchequer.		
9 Tax on Deficit on Ordinary Activities		
No liability to corporation tax arises on RTÉ's income, principally because RTÉ's licence fee income is exempt from taxation and the availability of group loss relief.		
The prior year tax charge relates to capital gains tax on the disposal of assets.		

RTÉ

Notes to the Consolidated Accounts

For the year ended 31 December 2001

	Land & Buildings €000	Plant & Equipment €000	Fixtures & Fittings €000	Total €000
10 Tangible Fixed Assets				
(a) RTÉ Group				
Cost				
Balance, start of year	64,668	176,876	8,135	249,679
Additions	6,781	22,797	555	30,133
Disposals and retirements	(371)	(5,051)	(18)	(5,440)
Balance, end of year	71,078	194,622	8,672	274,372
Accumulated Depreciation				
Balance, start of year	16,693	101,400	4,391	122,484
Charge for the year	1,823	16,453	794	19,070
Disposals and retirements	(105)	(4,784)	(16)	(4,905)
Impairment loss	-	3,238	-	3,238
Balance, end of year	18,411	116,307	5,169	139,887
Net Book Value				
At 31 December 2000	47,975	75,476	3,744	127,195
At 31 December 2001	52,667	78,315	3,503	134,485
(b) RTÉ				
Cost				
Balance, start of year	59,389	145,903	5,280	210,572
Additions	3,475	17,101	428	21,004
Disposals and retirements	(371)	(5,051)	(18)	(5,440)
Balance, end of year	62,493	157,953	5,690	226,136
Accumulated Depreciation				
Balance, start of year	15,927	88,218	3,115	107,260
Charge for the year	1,602	12,916	368	14,886
Disposals and retirements	(104)	(4,784)	(17)	(4,905)
Impairment loss	-	3,238	-	3,238
Balance, end of year	17,425	99,588	3,466	120,479
Net Book Value				
At 31 December 2000	43,462	57,685	2,165	103,312
At 31 December 2001	45,068	58,365	2,224	105,657

Notes to the Consolidated Accounts

For the year ended 31 December 2001

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Investments in Programmes for Future Sale €000

11 Intangible Assets - Investments in Programmes for Future Sale

RTÉ Group

Cost

Balance, start of year

-

Additions

1,512

Balance, end of year

1,512

Accumulated amortisation

Balance, start of year

-

Charge for the year

756

Balance, end of year

756

Net Book Value

At 31 December 2000

-

At 31 December 2001

756

12 Financial Assets

2001
€000

2000
€000

2001
€000

2000
€000

Group

RTÉ

Shares in subsidiaries, at cost

-

-

63

63

Investment in Radio Tara

259

259

259

259

Investment in Telegael

197

197

197

197

Investment in Intelsat

1,615

1,767

-

-

Investment in SECEMIE

213

213

213

213

2,284

2,436

732

732

During the year, RTÉ received €152,000 in respect of the redemption of part of its share capital investment in Intelsat. RTÉ's relative interest in the share capital of Intelsat remained unchanged.

RTÉ had the following subsidiaries, associates and related companies at 31 December 2001. All the subsidiary and associate companies are registered and operate in Ireland except for Marjoram Productions Limited and Enkorn Limited, both of which are registered in England.

RTÉ

Notes to the Consolidated Accounts

For the year ended 31 December 2001

12 Financial Assets (continued)

	Share Capital Held	Class of Business
Subsidiary companies		
RTÉ Commercial Enterprises Limited	100%	Publications and other commercial
RTÉ Music Limited	100%	Music publishing
Seirbhísí Theilifís na Gaeilge Teoranta	100%	Operation of Teilifís na Gaeilge
Digital Television Transmission Network	100%	Enhancement of existing analogue network and development of digital transmission services
Marjoram Productions Limited	100%	Dormant (dissolved January 2002)
Enkorn Limited	100%	Dormant (dissolved January 2002)
Associated companies		
Tara Television Limited (in liquidation)	20%	Television broadcasting
Related companies		
Radio Tara Limited	20%	Long wave radio
Telegael Teoranta	31%	Film production
Intelsat	0.11%	International satellite co-operative
SECEMIE	1.12%	Editing company for the Euronews information/news service

13 Stocks

2001 €000	2000 €000	2001 €000	2000 €000
--------------	--------------	--------------	--------------

Group		RTÉ	
-------	--	-----	--

Engineering stores

807	1,015	807	1,015
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The replacement cost of stocks is not significantly different from their balance sheet values.

14 Debtors

Amounts falling due within one year:

Trade debtors	33,943	36,825	23,729	27,955
Prepayments and accrued income	3,761	3,997	3,357	3,016
Amounts owed by subsidiary companies	-	-	2,863	3,572
Amounts owed by related companies	4	4	4	4
Other debtors	2,549	1,400	2,453	1,263
Dividend receivable	-	-	3,076	6,885

Amounts falling due after one year:

Other debtors	2,282	1,552	2,282	1,552
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42,539	43,778	37,764	44,247
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Notes to the Consolidated Accounts

For the year ended 31 December 2001

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	2001 €000	2000 €000	2001 €000	2000 €000
	Group		RTÉ	
15 Creditors: Amounts Falling Due Within One Year				
Bank overdrafts	14,706	9,498	4,386	4,575
Trade creditors	10,850	10,295	8,645	8,446
Amounts owed to subsidiary companies	-	-	2,864	1,083
Accruals and deferred income	35,483	40,943	31,692	36,893
Taxation and social welfare (a)	8,652	9,185	8,547	9,860
	69,691	69,921	56,134	60,857
(a) Taxation and social welfare creditors include:				
PAYE	3,279	3,755	3,064	3,629
PRSI	1,376	1,443	1,376	1,444
Value added tax	3,887	3,748	3,997	4,549
Other taxes	110	239	110	238
	8,652	9,185	8,547	9,860
16 Capital Grants - non repayable Exchequer advances		2001 €000		2000 €000
Capital Grants - received and receivable				
Balance, start of year		23,518		22,632
Grants received during the year		3,121		886
Balance, end of year		26,639		23,518
Amortisation				
Balance, start of year		8,704		4,631
Amortised during the year		2,106		4,073
Balance, end of year		10,810		8,704
Net Book Value		15,829		14,814
Capital grants - non repayable Exchequer advances represent Government funding received in relation to the capital expenditure incurred in the establishment of Teilifis na Gaeilge, together with interest earned on related bank balances. These grant amounts are amortised on the same basis as the related assets are depreciated.				

RTÉ

Notes to the Consolidated Accounts

For the year ended 31 December 2001

	2001 €000	2000 €000
17 Provisions for Liabilities and Charges – Restructuring Costs		
Balance, start of year	47,479	60,130
Charged during the year:		
Provision arising during the year (Note 6)		
- network-related	3,235	-
- other	21,500	-
Utilised during the year	(14,511)	(13,283)
Interest charge	201	632
Balance, end of year	57,904	47,479
<p>The provision at 31 December 2001 represents the Authority's best estimate of the costs to be incurred under the various restructuring and staff reduction schemes. It is estimated that the majority of the costs will be incurred by 31 December 2002 with progressively smaller amounts being incurred thereafter. The actual cost incurred will depend on the length of service profile of the staff departing the Group and the timing of their departure.</p>		
18 Pension Arrangements		
<p>The Group operates two pension schemes for eligible employees, the RTÉ Superannuation Fund ("the principal scheme") and the RTÉ defined contribution pension scheme. The principal scheme is an externally managed and funded defined benefit scheme, membership of which is closed.</p>		
<p>Regular actuarial valuations are carried out, normally every three years, in respect of the principal scheme. An interim actuarial report was completed as at 1 April 2001. The last actuarial report was based on valuations as at 31 December 2001 and was completed by the actuaries, Mercer Limited, who are neither officers nor employees of the Group, and disclosed the principal scheme to have a surplus of assets over liabilities in the amount of €71 million (2000 - €61 million). The actuarial method used was the Projected Unit Method, and included provision for post retirement increases on a full parity basis. The principal financial assumption underlying the actuarial valuation was that the scheme's investments will earn a real rate of investment return of 2% per annum over general salary inflation for members. The total market value of the assets of the scheme at 31 December 2001 was €852 million and the level of funding exceeded 100% at the valuation date. The actuarial report is not available for public inspection; however, the results of valuations are advised to members of the various schemes.</p>		
<p>The pension contributions charged for the year were €6.5 million (2000 - €5.5 million). There is no significant difference between the accumulated pension cost and the amounts paid to the schemes at 31 December 2001.</p>		

Notes to the Consolidated Accounts

For the year ended 31 December 2001

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18 Pension Arrangements(continued)

Transitional disclosures

Additional disclosures regarding the Group's defined benefit pension scheme are required under the transitional provisions of FRS 17 "Retirement benefits" and these are set out below. The disclosures relate to the first year of the transitional provisions. They provide information which will be necessary for full implementation of the FRS 17 in the year ending 31 December 2003.

The actuarial valuation described above has been updated at 31 December 2001 by the actuaries, Mercer Limited, using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

The major assumptions used for the actuarial valuation were:

Rate of increase in salaries	4.50%
Rate of increase in pensions in payment	4.50%
Discount rate	2.50%
Inflation rate	6.00%

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were:

	%	€000
Equities	8.5	610,599
Bonds	5.5	149,882
Property	7.0	76,644
Other	3.5	14,478

Total fair value of assets	851,603
Actuarial value of the liability	(675,111)
Surplus in the scheme	176,492
Pension asset recognised	70,515
Related deferred tax liability	-
Net pension asset recognised	70,515

The pension asset recognised above is limited to the future benefit that RTÉ can expect to obtain from the surplus in the scheme. This benefit is limited to the pension asset recognised above, because, as the scheme is a closed scheme, the present value of the liability expected to arise from future service by current and future scheme members exceeds the present value of future employee contributions. The benefit is expected to arise through a reduction in future contributions by RTÉ.

The contribution rate for the year ended 31 December 2001 was 8% of pensionable earnings.

RTÉ

Notes to the Consolidated Accounts

For the year ended 31 December 2001

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	2001 €000	2000 €000	2001 €000	2000 €000
	Group		RTÉ	
19 Financial Commitments and Contingencies				
(a) Litigation				
Due to the nature of its operations, RTÉ is involved in various legal actions, principally in relation to alleged defamation and other related disputes. While it is not practicable to quantify accurately the potential liabilities under the various actions, the Authority is satisfied that it has made reasonable provision in the accounts for the likely outcomes of these actions.				
(b) Capital Commitments				
Contracted for but not provided	4,529	6,372	2,143	4,624
Authorised but not contracted for	6,633	9,882	5,749	6,269
	11,162	16,254	7,892	10,893
Included in amounts authorised but not contracted for is €3.2 million relating to commitments made by the Authority in 1999 for the development of concert facilities at Dublin City University.				
(c) Purchase Programme Commitments				
Contracted for but not provided	23,367	16,728	15,345	11,564
Committed but not contracted for, in accordance with section 4 of the Broadcasting Authority (Amendment) Act, 1993	7,480	11,859	7,480	11,859
	30,847	28,587	22,825	23,423
(d) Foreign Currency Contracts				
Due to the nature of certain aspects of its business, RTÉ is exposed to the effects of fluctuations in foreign currency exchange rates. In order to manage these exposures, RTÉ entered into various treasury arrangements during the year ended 31 December 2001. At 31 December 2001, the Group was committed to purchasing US\$10.5 million (€11.9 million at 31 December 2001 exchange rate) at specified at various dates in 2002.				
(e) Operating Lease Commitments				
The Group has operating lease commitments payable, principally in respect of computer equipment, during the year ended 31 December 2002 as follows:				
Payable on leases in which the commitment expires:				
Within one year		15		10
Within two to five years		922		922
		937		932

RTÉ

Notes to the Consolidated Accounts

For the year ended 31 December 2001

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Notes	2001 €000	2000 €000
20 Notes to the Consolidated Statement of Cash Flow		
(a) Reconciliation of Operating Deficit to Net Cash Outflow from Operating Activities		
Operating deficit	(46,182)	(21,682)
Depreciation of tangible fixed assets	19,070	19,932
Impairment of tangible fixed assets	3,238	-
Amortisation of capital grants	(2,106)	(4,073)
Amortisation of investment in programmes	756	-
Loss/(profit) on disposal of tangible fixed assets	305	(241)
Decrease in stocks	209	38
(Increase)/decrease in debtors	(510)	5,399
Decrease in creditors	(5,453)	(163)
	(30,673)	(790)
(b) Gross Cash Flows		
Returns on Investments and Servicing of Finance		
Interest received	6,379	7,853
Interest paid	(335)	(11)
Dividends received	287	429
	6,331	8,271
Capital Expenditure		
Payments to acquire tangible fixed assets	(30,042)	(24,181)
Receipts from sales of tangible fixed assets	228	587
Purchase of financial fixed assets	(1,512)	-
Redemption of share capital in financial fixed asset	152	-
Capital grants received	3,121	886
	(28,053)	(22,708)
Management of liquid resources		
Purchase of marketable securities	-	(52,265)
Sale of marketable securities	57,624	-
	57,624	(52,265)
Non-operating exceptional items		
Restructuring costs	(14,511)	(13,283)
Network sale costs	(4,361)	-
	(18,872)	(13,283)

Notes to the Consolidated Accounts

For the year ended 31 December 2001

	2001 €000	2001 €000	Cashflow €000
20 Notes to the Consolidated Statement of Cash Flow			
(c) Analysis of changes in Net Funds			
Cash at bank	465	8,976	(8,511)
Bank overdraft	(14,706)	(9,498)	(5,208)
	(14,241)	(522)	(13,719)
Liquid resources –			
Cash at bank	18,730	21,855	(3,125)
Marketable securities	73,323	127,822	(54,499)
	92,053	149,677	(57,624)
	77,812	149,155	(71,343)
(d) Reconciliation of Net Cash Flow to Movement in Net Funds			
Decrease in cash	(13,719)	(4,590)	
(Decrease)/increase in liquid resources	(57,624)	52,265	
(Decrease)/increase in net funds	(71,343)	47,675	
Net funds, start of year	149,155	101,480	
Net funds, end of year	77,812	149,155	

Summary of Financial Statistics for Five Years

For the year ended 31 December 2001

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	2001 €000	2000 €000	1999 €000	1998 €000	1997 €000
Revenue					
TV licence fees	94,940	84,415	82,406	80,399	77,562
Advertising (TV and Radio)	123,096	137,053	129,314	119,231	110,396
Other broadcasting income	13,168	10,289	6,919	8,756	8,343
RTÉ Commercial Enterprises	27,034	31,889	32,334	30,999	28,396
	258,238	263,646	250,973	239,385	224,698
Expenditure					
Broadcasting services	274,154	254,902	242,544	208,915	193,328
RTÉ Commercial Enterprises	21,182	22,177	20,920	19,132	18,816
TG4	9,084	8,248	8,662	7,221	7,316
	304,420	285,328	272,126	235,268	219,460
Operating (Deficit) Surplus	(46,182)	(21,682)	(21,154)	4,116	5,238
Income from financial assets, net	287	429	3,746	(792)	(609)
Interest income	6,430	7,713	3,126	3,988	3,083
Interest expense	(536)	(644)	(5)	(14)	(4)
Operating (Deficit) Surplus before exceptional items	(40,001)	(14,184)	(14,287)	7,298	7,707
Profit on disposal of financial asset	-	-	156,946	-	-
Provision for restructuring costs	(21,500)	-	(48,310)	-	-
Network costs written off	(7,596)	-	-	-	-
Write off of amounts receivable from Tara Television Limited	(1,800)	-	-	-	-
(Deficit) Surplus before Taxation	(70,897)	(14,184)	94,349	7,298	7,707
Taxation	-	(76)	-	(51)	-
(Deficit) Surplus for Year	(70,897)	(14,260)	94,349	7,248	7,707
Balance Sheet Summary					
Fixed assets	137,525	129,631	129,005	115,440	104,105
Net current assets	66,173	133,524	164,247	33,536	38,200
Non-repayable Exchequer advances	(15,829)	(14,814)	(18,001)	(19,201)	(20,020)
Provisions for liabilities and charges	(57,904)	(47,479)	(60,130)	(9,002)	-
Net assets	129,965	200,862	215,122	120,772	122,285
Financed by:					
Income and expenditure account	129,965	200,862	215,122	120,772	122,285
Number of Employees					
RTÉ	1,926	2,043	2,080	2,062	1,995
Subsidiaries	151	131	119	103	97
Total	2,077	2,174	2,199	2,165	2,092

RTÉ