

RTE



REACHING OUR AUDIENCES

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Radio Telefís Éireann Authority

Forty-fourth Annual Report and Consolidated Financial Statements for the 12 months ended 31 December 2004, presented to the Minister for Communications, Marine and Natural Resources pursuant to sections 25 and 26 of the Broadcasting Authority Act, 1960.



RTÉ ONE AND RTÉ TWO CAN BE RECEIVED BY 99.1% OF THE IRISH POPULATION

(source: RTÉ)



CHAIRMAN'S STATEMENT

RTÉ's Annual Report and Consolidated Financial Statements 2004 is the final such report I will issue as Chairman of the RTÉ Authority: the Authority's term of office ends in May 2005. It is also the most open and transparent RTÉ Annual Report to date building on the trend of recent years.

2004 was a good year for RTÉ and the benefit of difficult decisions implemented over recent years has been clearly demonstrated. The publication of the *Public Service Broadcasting Charter* by the then Minister for Communications, Marine and Natural Resources, Dermot Ahern, T.D., in June was welcomed by the Authority and is being implemented by the Executive.

Within RTÉ there is good governance, clarity of roles and responsibilities, a focus on quality output hand-in-hand with cost-effectiveness, commitment from staff and the enormous benefit a loyal and increasing audience brings.

The corner stone of RTÉ is its courageous journalism - and the Authority's strong belief is that there is an essential need to maintain the organisation's editorial independence. This point was reinforced in the Authority's publication *RTÉ's Guiding Principles - Implementing the Public Service Broadcasting Charter* a document that will be developed during 2005 into a Corporate Plan for consideration by the new Authority. The *Guiding Principles* document outlines the three core values of the organisation:

- Connecting with all our audiences.
- Providing a value for money service.
- Being Ireland's premier independent provider of definitive News and Current Affairs material, both national and international.

I am proud to say that the organisation is living these values and is delivering, beyond its commitments, a unique, high quality, value for money service. It is what our audience deserves - and we will continue to listen to them, learn from them and respond as appropriate to improve the service.

It has sometimes been stated that RTÉ is largely unaccountable and is self-regulating. This is not true. RTÉ is accountable to its audiences and to the Oireachtas and is, in my experience, one of the most regulated public organisations. Different aspects of RTÉ's work are subject to different regulatory authorities including the Minister and Department of Communications, Marine and Natural Resources, the Broadcasting Commission of Ireland, the Broadcasting Complaints Commission, the Competition Authority and ComReg. The Authority does not challenge either the accountability or the regulation; in fact it believes it is entirely appropriate that RTÉ be fully and transparently accountable for all our public funding. It must also be realised that, like any other business, there are details of RTÉ's work which it is not appropriate to report on because of commercial sensitivity. The following examples show the type of independent scrutiny RTÉ is subjected to, and records the findings.

CHAIRMAN'S STATEMENT (Continued)

Competition Complaints - in 2004 the Competition Authority considered two complaints on issues pertaining to RTÉ activities:

- The first complaint alleged that RTÉ was engaging in predatory pricing practices in the market for television advertising for Irish terrestrial television channels. The Competition Authority considered the relevant information and on 12 January 2004 announced it had decided not to investigate further.
- The second concerned alleged discriminatory practices by RTÉ in favour of the *RTÉ Guide*. The Competition Authority commenced an investigation and requested detailed information from the RTÉ Television Listings unit and the *RTÉ Guide*. On 9 November 2004 the Competition Authority declared that it had decided to take no further investigative action on the matter.

In effect neither of these complaints was upheld.

Regulation of RTÉNL Analogue Terrestrial Transmission Network - the Commission for Communications Regulation (ComReg) conducted a review of the Analogue Terrestrial Transmission Market as provided for under the new *Electronic Communications Regulatory Framework*. RTÉNL was designated as being an operator with Significant Market Power (SMP).

ComReg issued a decision notice on 22 December 2004 imposing on RTÉNL three regulatory obligations in the provision of transmission services to national analogue terrestrial channels:

- (1) Transparency – which was already in place pre decision.
- (2) Non-Discrimination - which was already in place pre decision.
- (3) Accounting Separation - will be imposed following a further public consultation in 2005.

Independent review of Licence Fee impact - in September 2004 the Minister for Communications, Marine and Natural Resources, Noel Dempsey, T.D., commissioned an independent review to investigate whether RTÉ's receipt of Licence Fee income impacts (a) upon other broadcasters in Ireland or (b) upon the advertising market in Ireland. Europe Economics headed up the group which was commissioned, through competitive tender, to conduct the review.

The report was published on 1 December 2004 and it was found that '*RTÉ's receipt of Licence Fee income does not have an adverse or unfair impact on the market for television or radio advertising in Ireland*'.

2004 was a good year financially for RTÉ with the audited figures showing achievement ahead of budget. As a non-profit making organisation it is vitally important that we budget for, and make, a prudent surplus which can be ring-fenced for the essential maintenance and development projects facing all of our Integrated Business Divisions (IBDs).

Following an independent assessment of RTÉ's activities during 2004, conducted by PricewaterhouseCoopers on behalf of Minister Noel Dempsey, T.D., the year closed with an announcement of a further increase of €3 in the Licence Fee with effect from 1 April 2005. In making the announcement Minister Dempsey said that he was particularly pleased with the report's findings in relation to RTÉ's strengthening of its programming output and meeting key financial targets. He went on to say:

"Public service broadcasting requires a firm financial foundation for the future. Those financial resources must be provided in a transparent and accountable manner. I am satisfied that the annual review process helps provide the public, who fund RTÉ, with the reassurance they need that their money is being used effectively in the public interest by RTÉ".

The Authority welcomed both the review findings and the Minister's announcement – one of many supportive actions by him since his appointment to this Ministry.

During the year the Broadcasting Commission of Ireland introduced a new Children's Advertising Code. RTÉ welcomed the code as it provided additional safeguards for children. In practice many of the new restrictions on children's advertisements had already been implemented by RTÉ on a voluntary basis over the years. The single major reservation RTÉ expressed was that as the Code can only apply to broadcasting services originating in Ireland there was a danger that advertisers would simply switch their advertising campaigns to UK licensed channels. However as regulatory authorities in the UK are moving in the same direction as their Irish counterparts this is unlikely to happen, so it should not unfavourably impact to a significant degree on RTÉ's commercial revenue.

With the increase in revenue, and particularly in public funding over the past few years, RTÉ has been able to strengthen its investment in distinctive public service

programming. The investment covered a variety of genres including drama, factual and news and current affairs. It resulted in an increase in home-produced programming, particularly in the critical peak time television schedules, which led to a corresponding decrease in the dependency on acquired (overseas) programming; the response from the audience is very positive and shows an increase in viewers. Importantly, RTÉ continued to bring the people of Ireland together with events as varied as Ireland's Presidency of the European Union, the Presidential inauguration, the tragedies in Darfur and South Asia, the US Presidential election, major sporting occasions and the *RTÉ/People in Need Telethon*. There is evidence from these activities, that when the different Integrated Business Divisions (IBDs) within RTÉ co-operate in producing output the total is of greater benefit to viewers and listeners than the sum of the individual parts, and I believe we will see more and more cross IBD activities in future years.

The media landscape in Ireland is changing continually, as demonstrated for example by:

- an increase in competition, including from non-regulated services.
- people accessing our services in new ways - downloading music online instead of listening to radio or going to concerts, and people checking news updates online or on mobile phones rather than on radio or television.

The biggest change is imminent with a move to digital, and analogue switch-off throughout Europe. Whatever the platform, RTÉ is, and must be, there - making a difference and delivering value to the individual, the community and society. This task will not get easier in the coming years but RTÉ's responsibility to contribute to the social, democratic and cultural well-being of the nation will not diminish. In the Annual Report for 2000, the first published under my Chairmanship, I wrote:

RTÉ exists to give the people of this country Irish radio, television and new media services with a quality and range of content that simply would not be provided if a strictly commercial approach was the only basis of what we do.

This has remained the guiding principle of the Authority over the past five years.

In conclusion, I would like to acknowledge that the Minister and officials of the Department of Communications, Marine and Natural Resources (and formerly the Minister and officials of the Department of Arts, Heritage, Gaeltacht and the Islands) have demonstrated their support for RTÉ as Ireland's truly independent and sustainable Public Service Broadcaster. I trust this will be reflected in forthcoming broadcasting legislation. In particular there should be a clearly mandated Authority which will be required to ensure cost effective output of the highest quality to meet the needs of all RTÉ's audiences. My colleagues on the Authority have given generously of their time and expertise in discharging their obligations. I am indebted to them for their support. I would like, on behalf of the Authority, to thank the staff of RTÉ, under the leadership of Directors-General Cathal Goan and Bob Collins, for their dedication, creativity and commitment to the national Public Service Broadcaster and Ireland's foremost cultural institution. They have responded to many difficult challenges over the past five years and ensured the organisation is on a solid basis to maximise the benefits of new technologies for the benefit of audiences. And that is what the Authority's work is all about - ensuring our audiences' needs are served.

It has been a great honour to be Chairman of the RTÉ Authority for the past 5 years and to work with such a talented group of people. I have every confidence that the organisation, under Cathal Goan and his Executive Board, will deliver the broadcasting product the nation deserves and desires. I wish the organisation and its people every success for the future.



Patrick J. Wright

THE AUTHORITY



PATRICK J. WRIGHT

A member of the Authority from December 1999, was appointed Chairman with effect from June 2000.

Chairman of the Remuneration & Management Development Sub-Committee.

A native of Dublin, born in 1941, Paddy Wright is a former President and Chief Operations Officer of the Jefferson Smurfit Group and a current Director of the Anglo Irish Bank and Chairman of AON McDonagh Boland Group. He previously served as chairman of Bord Iascaigh Mhara, vice-chairman of Aer Lingus and chairman of the Educational Trust of Dublin City University. Paddy Wright holds an Honorary Doctorate from DCU, is an Honorary Fellow of the National College of Ireland and a Fellow of the Irish Management Institute.



JOE BARRY

Was appointed to the Authority with effect from June 2000.

A Member of the Audit Committee.

A native of Dunmanway, Co. Cork, born in 1932, Joe Barry worked in a variety of operational and managerial positions in RTÉ from 1956 to 1997, and held the post of Director-General from 1992 to 1997. He is a former Governor of the National Gallery of Ireland.



ANNE DOYLE

Was elected to represent RTÉ staff on the Authority with effect from June 2000.

A member of the Programme Sub-Committee.

A native of Ferns, Co. Wexford, born in 1952, Anne Doyle holds a BA in English and History and a Higher Diploma in Education from UCD. She joined the RTÉ Newsroom in 1978 having previously worked in the consular service of the Department of Foreign Affairs.



DES GERAGHTY

Was reappointed to the Authority in October 2002, having previously served on the Authority from June 2000 to June 2002; he ceased to be a member of the Authority on confirming his candidacy for an Oireachtas seat.

A member of the Remuneration & Management Development Sub-Committee.

A native of Dublin, born in 1943, Des Geraghty worked as an RTÉ Television Cameraman before joining the staff of the ITGWU (now SIPTU) - retiring as General President in 2003.

A former Member of the European Parliament, he was appointed a Shareholder of the Abbey Theatre in 1998 and currently serves on the board of FÁS and Poetry Ireland.



MAURA HAYES

Was appointed to the Authority with effect from June 2000.

A member of the Programme Sub-Committee.

A native of Tulla, Co. Clare, born in 1970, Maura Hayes holds BA and LLB degrees from UCG.

A solicitor, she previously worked in private practice and currently holds a position with the Legal Aid Board in Limerick.



GARRY HYNES

Was appointed to the RTÉ Authority with effect from June 2000.

Chairperson of the Programme Sub-Committee.

A native of Co. Roscommon, born in 1954, and co-founder of the Druid Theatre, Garry Hynes was Artistic Director of Druid from 1975-1990 and of the Abbey Theatre from 1990-1993. She returned to Druid in 1994 and is currently its Artistic Director. Among many international and national tributes, she has received a Tony Award and LLD (Honores Causa) degrees from the National Council for Educational Awards and NUI Galway.



PADDY MARRON

Was appointed to the RTÉ Authority with effect from July 2001.

Chairman of the Audit Committee and a member of the Programme Sub-Committee.

A native of Co. Monaghan, born in 1937, and a Chartered Accountant, Paddy Marron worked in the food industry for 33 years, including ten years as Chief Executive of Nestlé Ireland. A Trustee of Dublin City University's Educational Trust and a former member of the University's Governing Body, Paddy holds a BA in Archaeology and Art History from UCD.



STEPHEN O'BYRNES

Was appointed to the RTÉ Authority with effect from June 2000.

A Member of the Audit Committee and a member of the Programme Sub-Committee.

A native of Kildimo, Co. Limerick, born in 1949, Stephen O'Byrnes is Executive Director of Media Relations & Public Affairs Consultants Ltd.; a former Director of Policy and Press Relations with the Progressive Democrats Party, and Assistant Government Press Secretary, 1989-1992. He worked as a journalist for 15 years with the Irish Independent and Irish Press Groups, holding various Editorial and Correspondent posts. He holds a BA in Modern Irish History from UCD.



MARY PETERS

Was appointed to the RTÉ Authority with effect from June 2000.

A member of the Remuneration & Management Development Sub-Committee.

A native of Lisburn, Co. Antrim, born in 1939, Mary Peters is a retired businesswoman and a former Olympic and Commonwealth Games Gold Medallist. Awarded an MBE in 1973, CBE in 1994, she was made a Dame of the British Empire in 2000. Currently President of the Ulster Sports and Recreation Trust, Mary previously served as a member of the Northern Ireland Tourist Board, Ulster Games Foundation, BBC Broadcasting Council, Sports Aid Foundation, Northern Ireland Sports Council, Northern Ireland Paraplegic Association and the Sports Council (GB).

Total number of Authority meetings: 8

Attended:

Patrick J. Wright	8
Joe Barry	7
Anne Doyle	8
Des Geraghty	7
Maura Hayes	7
Garry Hynes	2
Paddy Marron	8
Stephen O'Byrnes	6
Mary Peters	6



43.8% OF ALL PEAK TIME VIEWERS ARE WATCHING RTÉ TELEVISION

(source: Nielsen Media Research: Jan-Dec 2004)



DIRECTOR-GENERAL'S REVIEW

Blain Bhisigh

The year under review shows RTÉ with many targets reached and achievements noted. It was not without the occasional pothole and stumbling block on the way. Yet despite the increased competitive pressures, 2004 was a good year for Irish Public Service Broadcasting.

RTÉ's success is rooted in the endorsement for Public Service Broadcasting following on from the report of the Forum on Broadcasting and in the Government's approval of Licence Fee increases in 2002 and 2003. In the year under review this resulted in improvements in both the quality and quantity of Irish originated content in all areas of output. Building on the significant organisational reforms undertaken during 2002 and 2003, RTÉ is now firmly focussed on its core mission to serve Irish audiences in all their diversity. And it is good to report that these audiences have responded with increased approval.

There were many notable achievements in 2004: the Integrated Business Divisions together with the corporate administrative centre met their stated objectives while output targets have been achieved and in some cases exceeded. In fiscal terms budgetary targets have been met, while containing costs, and commercial targets have been exceeded with action on new corporate commitments. The organisation maintained its vibrancy through continuous evaluation, and where necessary change, in order to deliver optimum service to Irish audiences.

We have been conscious that in assessing the distance travelled in 2004 and in order to help us move forward confidently, it is essential that we continually reassess our direction, focussing on our mission to serve Irish audiences and ensuring that RTÉ is well positioned to

fulfil its core purpose as we move into the digital future. As a key part of that assessment the RTÉ Authority published *RTÉ's Guiding Principles – Implementing the Public Service Broadcasting Charter* in November 2004. The vision articulated in this document will directly inform the development of the organisation's five-year corporate plan in 2005 charting RTÉ's journey forward into the digital production and distribution age.

As well as specific programming initiatives undertaken during 2004, RTÉ also adopted a corporate approach to many key events of national importance. These ranged from coverage of the Irish Presidency of the EU and Euro 2004 in Portugal to the Olympic Games in Athens. There were three important cultural centenaries during 2004 - *Bloomsday*, the Abbey Theatre and the birth of Patrick Kavanagh, and RTÉ commissioned innovative radio and television programming to mark these events. RTÉ, as the national broadcaster, will continue to identify and welcome such opportunities as may arise to celebrate and mark occasions of national importance across radio, television, online services and publishing.

The Audience Council

In keeping with published commitments, the Audience Council came together for the first time in late 2003. Elsewhere in this report, an account of their first year's meetings and deliberations is published. A member of the RTÉ Authority, Garry Hynes, sits on the Council with the remit of acting as a bridge between the Authority and Council. A report of each of the Council's meetings is published on the RTÉ website. Throughout the year senior editorial management have attended all the meetings to discuss programming priorities and listen to the views and concerns of the Council. In turn these views have informed editorial considerations. The first annual report shows the Council demonstrated an

DIRECTOR-GENERAL'S REVIEW (Continued)

appetite to engage positively and energetically with many issues. They voiced criticism of aspects of RTÉ's coverage of the Local Elections in June 2004. It is difficult to mount effective national coverage of the counts for Local Elections where local broadcast services can better discuss the detail of local issues and the implications of successive counts. In hindsight, it has to be agreed that coverage of the Local Elections should have continued on the Saturday evening on RTÉ Radio 1. This shortcoming will be factored into all future coverage of Local Elections.

The Audience Council's contributions will continue to be carefully listened to in 2005 as RTÉ strives to remain in tune with and responsive to its many varied audiences.

Television

Of all RTÉ's activities, television is the area that commands the greatest proportion of the audience and the largest expenditure. Later in this report we include a detailed breakdown of this expenditure as it relates to RTÉ One and RTÉ Two and their audiences. In relation to TG4, which operates under the aegis of RTÉ and for which the Government has proposed independent status, the breakdown of its expenditure is covered separately.

Following its commitment in the 2003 Annual Report, RTÉ continues to provide a value-added service to the public through effective branding of its many activities under the RTÉ umbrella. In 2004, Network 2 was given increased attention through the commissioning of new programming and its repositioning as RTÉ Two. This attention will continue and increase in 2005.

Investments made during 2004 in upgrading and improving facilities include a digital transmission suite, a digital graphics system for weather and a subtitling transmission system. This latter system enables the production of subtitled programming of national and international events together with regular additional programmes such as the *One O'Clock News*. One of the measures taken to help maintain and enhance RTÉ's in-house production was the assimilation of new assistant producers and producer-directors to Television Programmes. 2004 also saw the appointment of two new commissioning editors and an increase in programming expenditure with a distinct focus on quality and originality. As a result of these measures there was some outstanding programming from both in-house and independent producers. Another important advance during the year was the establishment of an archive-programming unit.

RTÉ Television's **Drama** received critical and popular acclaim for its series *Proof* and *The Clinic Series 2. Omagh*, a co-production between Channel 4 and RTÉ won several national and international awards including the coveted Discovery Award at the Toronto Festival. And Drama has become a feature on the repositioned RTÉ Two with the Irish-Australian co-production *Foreign Exchange* bringing original live action children's drama to the screen. *Love is the Drug* became a late highlight of the year receiving very positive critical response. None of this could have happened without increased investment and we are pleased to report that such critically successful programmes as *Omagh* and *Proof* also sold well internationally.

Our viewers continued to show intense loyalty to their favourite programmes and *Fair City* contributed to the success of RTÉ One during 2004. *The Late Late Show* remains the top **Entertainment** show in Ireland with well over half the available audience tuning in every Friday night. Another major success was the return of the *RTÉ/People in Need Telethon* in May with its innovative programming initiative - *RTÉ Charity 252*. The event, which raised over €6.4 million, points the way to further collaborative programming between RTÉ Radio and RTÉ Television. The Licence Fee increase enabled RTÉ to improve its investment in entertainment, which in turn resulted in programmes like *Tubridy Tonight* and *Killinaskully* on RTÉ One. Integral to the re-positioning of RTÉ Two were the comedy/constructed reality show *The Des Bishop Work Experience* and the highly-paced comedy/sketch show *Stew*. More controversially *The Dinner Party* attracted its target audience of 16% but sustained continued public and media criticism.

Factual programming enjoyed a successful year with many new and insightful series such as *Making Babies*, *Legal Eagles* and *Manchán on Europe's Eastern Frontier*. For a second year running the *Arts Lives* series commanded peak-time viewing with its mix of diverse biographical arts portraits. Meanwhile a new documentary strand, *Hidden History* looked at a range of topics of public interest, including the ownership of the Irish Press, the life of Kevin O'Higgins and the life of the late IRA leader Joe Cahill. RTÉ Cork found a new audience for local history and a new face for history programming in Rob Vance with *Secret Sights*. To mark the centenary of *Bloomsday* in June 2004 programmes such as Seán Ó Mórdha's view of James Joyce's Dublin and Blueprint Films' *Imagining Ulysses* were scheduled.

Regional commissioned *Vets on Call*, *The Health Squad*, *Wild Trials* and *Cracking Crime* as well as the innovative and diverse range of programmes under the *Townlands*

banner. Likewise the eleventh series of *Ear to the Ground* was commissioned for a new slot on RTÉ One.

Many regular and successful **Lifestyle** programmes returned in 2004. A new programme which proved highly successful was *Show Me the Money* which clearly filled a niche in our schedules. A less popular decision was the dropping of *Open House* in **Daytime** programming with many viewers expressing their dismay. However the autumn saw *The Afternoon Show* grow a new audience for that slot and also for the daily discussion show *The Big Bite*.

A wide range of new **Music** programming included *Rhapsody in the Park* in the Christmas schedule, *The Frames Halloween Ball*, and series 3 of *Other Voices - Songs from a Room*. *Touching the Pulse: MacMahon and Kronos in Dublin* was an hour long concert documentary featuring the collaboration between renowned traditional musician Tony MacMahon and the internationally acclaimed Kronos Quartet.

As the number of children's channels proliferates, RTÉ's **Children's Programmes** have suffered a decline in audience share that is of concern. Several new measures have been taken in order to address this decline. *THE DEN* included a series of focussed broadcasts during children's mid-term holidays with a dramatised story which ran through the Halloween break. Another exciting and popular development was the inclusion of live satellite broadcasts from around Ireland following an A/Z route around the country. Also included in *THE DEN* was a new series called *Paws and Claws* and *Shout* both made by RTÉ Cork. A very welcome innovation for the young adult audience was *The Café* and we are pleased to be able to report that it has received very positive feedback. RTÉ continues to contribute very actively to the EBU Young Peoples' programme exchange – and the RTÉ documentary for 2004 *Changing Barry* received positive endorsement when it was chosen for transmission by 16 of the 17 countries participating.

Irish Language programming is being dealt with in a separate section of this report but it is important to note that it too had a very successful year led by the broadcasting of *Turas Teanga*, a new multi-media Irish language tuition series. In **Education**, a new series *Meet the Family* looked at the crucial issue of parenting and a fifth series of the ever-popular *Read Write Now* aired. RTÉ's pilot project in Digital Education with the Department of Education and Science and the National

Centre for Technology (NCTE) concluded with the transmission of nine hours of resource materials for the school curriculum. This material has also been distributed to all schools on DVD and is available on the NCTE website. Further developments in co-operation with NCTE are planned for 2005. Fundamental issues facing Irish society were aired through a number of **Multicultural** and **Diversity** programmes. Some titles in this series which were transmitted include *What in the World*, *Global Beats*, *City Folk*, *Hands On* and *Three 60*.

RTÉ Television **Sport** had a very strong year in 2004 with a rejuvenated *The Sunday Game* and its improved coverage of the GAA Championship. RTÉ's coverage and analysis on screen mirrored the success of the Irish Rugby team in winning the Triple Crown. This successful formula was further demonstrated in the major international events of Euro 2004 and the Olympic Games, where extensive coverage was given using the latest digital technology. A burning issue throughout the year was the competition for Sports Rights, which is becoming ever keener, as new participants enter the arena. It is equally true to say that European Competition Law requires a whole new approach to the question of access to events. There is no doubting the magnitude of the challenge involved for public broadcasters in competing for Sports Rights. RTÉ remains committed to offering as broad a range of coverage as possible to amateur and professional sport in Ireland and to defending the 'free-to-air' principle through which Irish audiences have been well served to date.

RTÉ Television continued to acquire the best of new series and features from the US and elsewhere and it was well positioned to offer our viewers an opportunity to see much of this material for the first time on terrestrial television.

News and Current Affairs

As the year ended, RTÉ's ability to respond quickly and comprehensively to the horror of the unfolding story of the Tsunami in South Asia underlined the benefit of increased investment in News and Current Affairs. Correspondents were in Sri Lanka, Thailand and the Banda Aceh region of Indonesia within days of the catastrophe to bring varied insights to Irish viewers and listeners of the enormity of the tragedy.

The first half of the year focussed on the Irish Presidency of the European Union. There were reports for both radio and television from each of the accession

DIRECTOR-GENERAL'S REVIEW (Continued)

states and regular coverage of EU meetings/mini-summits culminating in a special day of programming on Accession Day, 1 May. Among other major events covered throughout the year were the visit of the US President, George W. Bush, to the Shannon region, the Local Government and European elections and the Citizenship Referendum. There were special programmes to mark the Olympic Games and the Paralympics, the Presidential inauguration, the Cabinet re-shuffle, the ongoing Northern peace process and the US Presidential election.

Running news stories included the Tribunals, the publication of the Hutton Report and the subsequent resignations in the BBC, the Barron and Laffoy Reports, the Annabel's disco court case, the electronic voting controversy, the introduction of the smoking ban, the launch of the LUAS and the appointment of Charlie McCreevy as EU Commissioner. Newsroom exclusives included the AIB foreign exchange scandal, organ retention, endowment mortgages and the Cian O'Connor allegations.

As already outlined, there was considerable investment in foreign coverage that included the Madrid bombing and RTÉ on-the-spot correspondents broadcasts from places as diverse as Baghdad, Israel, Liberia, Sudan, Columbia and Afghanistan. Investment in technological developments greatly assisted in both mobility and in reducing costs in covering these stories.

The News and Current Affairs division team won many awards throughout 2004. The overall award of Journalist of the Year in the ESB Media Awards went to *Prime Time Investigates*. The award for Best TV Documentary also went to *Prime Time Investigates* for a programme about Internet child pornography. *Prime Time Investigates* won five further awards. The programme was named overall winner of the Law Society's Justice Media Awards, as well as winning the TV category and two certificates of merit in the Justice Media Awards. *Prime Time Investigates* also won the Best News/Current Affairs category in the Irish Film and Television Awards. Jim Fahy's documentary on the murder of Archbishop Michael Courtney in Burundi won several international awards. Carole Coleman won the News and Current Affairs category of the ESB Media Awards for her interview with President George W. Bush. The interview was a very significant news broadcast and stirred considerable controversy.

In late 2004 *Morning Ireland* commenced its 21st year of broadcasting; it remains the most popular radio programme nation-wide - keeping Ireland up to date.

Radio

RTÉ Radio continues, in a crowded marketplace, to be the principal source of broadcast news, information and cultural expression of and for Ireland. Each year the JNLR survey measures listening to over thirty radio stations in the state. In 2004, the four RTÉ radio stations held 43% share of all listening. This strong performance against ever-increasing competition is also seen in the national list of Top Ten Radio Programmes - all of them are on RTÉ Radio.

RTÉ Radio 1 has news, information, feature strands, debate and sport as its mainstays and the station began 2004 with a new range of series across the board - the offering included science, politics and local government, sports features, drama for children, travel, food, Irish language, expansion of the EU, racism in Ireland, and the arts. A gap was filled when *The Business* started in May 2004.

One of RTÉ Radio 1's stated aims for 2004 was the provision of programmes from outside Dublin and early in 2004 new presenters broadcast three series of music programmes from studios in Belfast, Cork and Derry. Regional output in 2004 told a mixed story of successful developments and lessons learned. Important successes were the RTÉ All-Ireland Drama Festival in Athlone, the National Ploughing Championships, and smaller events in Galway and Leitrim. These occasions gave focus to the regional coverage, but in some counties and towns the sense of a special event and local colour and excitement was missing, and the resulting programmes were disappointing.

The question of regional coverage in general has been the focus of internal discussion for some time and a new cross IBD working group has been set up to co-ordinate all aspects of RTÉ's output activities in the regions across Ireland. This group will also bring forward a draft regional policy for RTÉ broadcasting in 2005.

During the year RTÉ Radio 1 celebrated the centenaries of Patrick Kavanagh's birth and of James Joyce's Bloomsday. As well as documentaries and features, a weekly episode by episode readers' guide to *Ulysses* was produced to accompany the release on CD and MP3 of the much-lauded 1982 RTÉ Radio's classic production of the novel. The RTÉ Radio website supported this celebration with extra resources available on-demand for listeners and readers.



**AVERAGE VIEWERSHIP IN 2004 OF RTÉ
NEWS AND CURRENT AFFAIRS WAS
469,000 PER PROGRAMME***

(* For 6 '0 Clock News, 9 '0 Clock News & 10 Primetime Investigates Programmes. Source: RTÉ)



IN 2004, THE FOUR RTÉ RADIO STATIONS HELD 43% SHARE OF ALL LISTENING

(source: JNLR: Jan-Dec 2004)

DIRECTOR-GENERAL'S REVIEW (Continued)

Over the summer months, RTÉ Radio 1 was particularly diverse and lively, especially in its features. There were more new voices - most of them women's voices - presenting the programmes. The prime time schedule drew criticism because a number of its leading presenters were off-air at the same time and the replacement programmes were deemed to lack variety of interest and style. These concerns will be considered when the summer schedules for 2005 are being addressed.

RTÉ Radio Sport increased its output considerably with the development of a new three-hour Friday night programme. The expanded GAA championships in football and hurling were comprehensively covered, as were the major competitions in soccer and rugby. International events such as the Ryder Cup and the US Open received extensive coverage as well as all major race meetings at home and abroad. The single biggest event in 2004 was the Olympic Games and RTÉ Radio's team of nine reported into all the main daytime programmes and provided a special three-hour live programme each evening for the duration of the games.

News and Current Affairs coverage continued to be the backbone of RTÉ Radio 1 during 2004. International stories covered included the bombing in Madrid, the hostage disaster in Beslan, the expansion of the EU, the war in Iraq and the tsunami disaster in Asia; particular credit is due to *Five Seven Live* reporters Fergal Keane and Philip Boucher-Hayes for their work on all these major events. Coverage of the European elections in June was comprehensive, but RTÉ Radio 1's treatment of the results of the local elections had its shortcomings, as correctly noted by the Audience Council.

To mark **Science Week 2004**, Glorianna Davenport - a leading research scientist at MIT Media Lab, delivered a public lecture on the future of *Storytelling in a Digital World*. The lecture explored the ways in which storytelling can be enhanced by new technologies. The Archbishop of Dublin, Most Reverend Diarmuid Martin who chose the topic *The Christian and the Public Square* delivered the **Michael Littleton Memorial Lecture**. Members of the public and invited guests attended the event and an edited version was broadcast with Olivia O'Leary chairing the lecture and the lively question and answer session which followed.

At the PPI Awards, RTÉ Radio 1 was awarded prizes for Best Documentary - Tom McGuire's *The Siege of Jadotville*, Best Drama - Aidan Matthews's *Walking out Together*, Best Current Affairs Programme - *Today with*

Pat Kenny, and Fergal Keane was honoured as Best News Journalist and as Broadcaster of the Year.

On St Patrick's Day, RTÉ Radio 1 began transmission on the long wave (LW 252) and for the first time in almost 80 years, the channel can be received on a single strong frequency all over Ireland and throughout the heavily populated parts of Britain - a welcome benefit to the Irish Diaspora and to those people in the UK with an interest in Ireland.

RTÉ Raidió na Gaeltachta delivers a service broadly similar to RTÉ Radio 1, to Irish-speakers, with special attention paid to traditional music, and also local news and the issues of the day in the various Gaeltacht communities. A more detailed report of RTÉ Raidió na Gaeltachta's activities for 2004 can be found in the section of this document dealing with Irish language services. It must be noted that, alone of the RTÉ channels, RTÉ Raidió na Gaeltachta rose to the challenge and provided very effective, sustained and informative coverage of Local Elections counts from around the country.

RTÉ 2fm is the national leader in talk and popular music for the under-35s and during 2004 it celebrated its 25th year on-air continuing to present programmes to attract and appeal to the younger audience. As the radio landscape in Ireland is changing dramatically RTÉ 2fm, of all the RTÉ Radio services, faces intensifying competition with more and more music stations being licensed. Developments to address this challenge include the addition of three new young presenters, a focus on supporting new and established Irish composers, singers and musicians and outside broadcasts of summer music festivals of live music.

The RTÉ 2fm/Jacobs Song Contest celebrated 21 years and continues to be the leading national radio stage for young performers and composers. 40 days of studio recording were provided for new bands, and for the first time, recordings were made in Cork as well as Dublin. RTÉ's Limerick Studio was the source for half of the 300 hours of music programming produced outside the capital.

As part of RTÉ Radio's commitment to education and the provision of learning support for schools, 2004 was the first full year of operation for RTÉ 2fm's TY Radio scheme. Twenty hour-long programmes were made by Transition Year students in schools around the country and transmitted to national audiences. RTÉ 2fm continued to be very active in the Eurosonic Group of the EBU, providing some 40 recordings for use by the

DIRECTOR-GENERAL'S REVIEW (Continued)

partner radio stations. RTÉ 2fm has an elected producer member on the 12 strong Group Committee, whose main focus is Youth Programming.

The Full Irish was PPI National Radio Award winner as the Best Breakfast Show on Irish Radio in 2004. Its presenter, Ryan Tubridy, was also a winner in the DJ category.

Audience loyalty for RTÉ 2fm remained strong throughout the year with seven of its programmes rating in the top twenty most listened to programmes in Ireland – with the *Gerry Ryan Show* confirming its position as the most popular non-news programme on Irish radio.

RTÉ lyric fm (PPI National Station of the Year for the second time since its launch in 1999) is the classical music and arts channel. Its ambitious music policy was broadened to increase its appeal during the year with a widening choice of jazz, cinema, traditional and world music, as well as the classical canon. During the year RTÉ lyric fm brought its own radio and music-making experience to students at 41 schools around the country.

Throughout the year, 215 outside broadcasts were organised at regional festivals, venues and arts events – from the West Cork Chamber Music Festival to the National Ploughing Championships. These events proved extremely popular as RTÉ lyric fm went out and met its regular audience and at the same time encouraged new listeners to tune in. Competitions like *Choirs for Christmas 2004*, *Divas and Divos* (a talent search for new classical voices), and the *Christmas Choral Extravaganza 2004* not only created dialogue with the music community in Ireland but stimulated music-making and identified and spotlighted new performers.

The station published three distinctive and successful CDs: *Joycesongs*, *Lunchtime Choice 2*, and, *Shower of Pearls – the music of George Alexander Osborne*. It also published the anthology of talks from *The Quiet Quarter* which was a sell-out in the bookshops at Christmas. RTÉ lyric fm continued to support new works by Irish composers – a variety of pieces with a total duration of almost two hours was commissioned in 2004. It also continued to celebrate the achievements of contemporary musicians, including Barry Douglas, Frank Corcoran, Micheál Ó Súilleabháin, and Eileen Ivers. Drama, documentary, features and the spoken word have been given more space in the schedules over the past two years. In 2004, four new radio plays were commissioned for Lyric; *Five Stages* was an imaginative

documentary series about performance venues and the station also produced series on such topics as the musical tradition of Venice, Bach's Cantatas, and the cinema's greatest musicals. Una Hunt rediscovered the life and music of the Limerick-born composer and pianist George Alexander Osborne. This 2-part series explored his friendships in Paris with Berlioz, Liszt and Chopin and premiered the first ever recordings of the music of this accomplished, but neglected, Irish composer.

Through its association with the EBU, RTÉ lyric fm also brought concerts to its Irish audience from the top Concert Halls and festivals around Europe and further afield. At the same time it brought increased exposure to Irish musicians by offering Irish festivals and concerts to the EBU – offers which many radio stations around Europe took up.

Performing Groups

Reinforcing RTÉ's role as a major cultural force in the community and strengthening its distinctive public service ethos, the Performing Groups had a busy and successful year. Output commitments for the year were exceeded and delivered within budget, while performances exceeded target and were up 12% on 2003.

Live events have attracted new audiences with an increase of 17% on 2003 figures and commercial income also increased significantly by 27%. *The Farmleigh Proms* had another successful year as they continue to attract a particularly strong and loyal audience. Co-operation with television programming around this event is developing and strengthening from year to year. RTÉ continues to commission new work and the RTÉ *Living Music Festival* is now established as a major international event in the musical calendar.

The RTÉ National Symphony Orchestra, the RTÉ Concert Orchestra, the RTÉ-funded National Chamber Choir and the RTÉ-sponsored west Cork Chamber Music Festival featured very prominently and positively in the year-end press reviews of 2004 and previews of 2005.

Publishing

RTÉ Publishing has four distinct business units. **rte.ie** is now Ireland's most popular media website. Covering news, sport, business, entertainment and television and radio programme information it features text, video and audio. In October 2004 there were 10.7 million page

impressions and 574,830 unique users, and an overall increase in traffic of 37% year on year. 53% of traffic originates in Ireland, and the majority of international traffic comes from the US and the UK. 2004 saw an expansion of services with the syndication of RTÉ News as text to mobile and web operators and its availability as video packages on 3G. **RTÉ Aertel** is Ireland's leading teletext service, with a user base of 805,000 homes or 92% of Teletext homes, up 2% from 2003. The **RTÉ Guide** remains Ireland's leading family entertainment magazine, selling an average 113,033 copies per week; it is also the most widely read Irish magazine, reaching 12.9% of the population. 2004 saw the introduction of stand-alone supplements (e.g. RTÉ's Off the Rails) which forms the basis of the RTÉ Guide's value-added strategy. **RTÉ Publishing's Commercial Telecoms** offer regular SMS/IVR services to over thirty RTÉ television and radio programmes. The range of SMS/IVR services includes competitions, votes, polls, comment lines, ringtones, information factsheets, karaoke lines, ticket request lines and text-to-screen services. RTÉ programmes generated in excess of 7.1 million SMS/IVR messages in 2004, an increase of 18% over 2003.

Network

RTÉNL (our network transmission subsidiary) undertook a significant maintenance programme on all major transmission sites in 2004. Elsewhere in this Report we detail, as required under the Charter, the ongoing efforts to improve and expand reception for RTÉ services. RTÉNL also continued to collaborate with the Department of Communications, Marine and Natural Resources and ComReg in considering options to test DTT for roll-out nationwide. As noted by the Chairman in his report, as a result of ComReg's finding in respect of RTÉNL's SMP, RTÉNL awaits further consultation on the requirements of Accounting Separation. The other requirements of ComReg's determination in this respect had already been anticipated and implemented in RTÉNL's own development plans.

Looking Forward

The pace of change and the range of competitive challenges confronting Public Service Broadcasting across Europe will not diminish in 2005. Many Public Broadcasters have faced increased scrutiny as privately owned media groups bring complaints to the EU competition directorate against countries where Public Broadcasting is supported with public funding. The case against Ireland made by TV3 in 1999 is due for imminent consideration. Regardless of the outcome it is unlikely that the challenges to public funding for public service

broadcasting will recede in any way. The Broadcasting Fund established on foot of the Licence Fee decision of 2002 has not yet come into operation. It will amount to at least €25 million by the end of 2005 and it is a considerable programme funding resource available to all licensed broadcasters in Ireland.

Legislative reform is in the offing for Irish Broadcasting and RTÉ's own corporate structure may well change. A working party has been established by the Department of Communications, Marine and Natural Resources to consider the issues around TG4's proposed independence. Both TG4 and RTÉ representatives will play an active role in its deliberations. There is renewed vigour and focus in the examination of digital delivery systems for broadcast media in Ireland. At the same time as the UK has projected 2012 as the final date for digital switchover, the International Regional Radio Communication Conference of 2006 will determine the parameters of spectrum utilisation for years to come. In this, as in many other aspects of mooted change, RTÉ will work with the designated agencies to optimise the position of Ireland and the viewing and listening public.

RTÉ will work with the Minister for Communications, Marine and Natural Resources and his officials to ensure the core values of public service broadcasting as outlined in the *Guiding Principles* document are safeguarded in this time of transition and development. The co-operation already enjoyed will be a cornerstone for building a solid future for public service broadcasting in the digital age.

Writing in the 2003 Annual Report I commented that:

For 2004, our biggest challenge is to build audiences for new programmes while retaining the loyalty and respect of the public for our existing news and current affairs services.

We succeeded in that challenge and, I can say with confidence, we will build on it during 2005. Central to that success is the talented and committed staff who responded so positively to the difficulties of recent years and is now determined to maintain RTÉ as the media organisation of choice and record for Irish people everywhere.



Cathal Goan

THE EXECUTIVE BOARD 2005



CATHAL GOAN

Was appointed Director-General of RTÉ with effect from October 2003.

A native of Belfast and graduate of University College Dublin.

Cathal Goan joined RTÉ in 1979 and held a variety of posts in RTÉ Radio and RTÉ Television before being appointed Editor, Irish Language Programming in 1990. Appointed Ceannasaí of Teilifís na Gaeilge in 1994 he oversaw the establishment of the channel, Ireland's third national television service. In March 2000, he was appointed Director (subsequently MD) of RTÉ Television and a member of the RTÉ Executive Board.



NOEL CURRAN

Was appointed Managing Director of RTÉ Television with effect from October 2003.

A native of Co. Monaghan and a graduate in Communications from Dublin City University.

Noel Curran held a variety of posts in the print media before joining RTÉ in 1992. He initially worked as a reporter, producer and editor in RTÉ Television, and was later appointed as Editor of Current Affairs in the News and Current Affairs Division with responsibility for editorial output and management of resources in Current Affairs.



CONOR HAYES

Appointed Chief Financial Officer with effect from October 2001. Also oversees: RTÉ Network; RTÉ Publishing; Shared Service Centres for IT, Property and Services; and is Chairman of the Trustees of the RTÉ Superannuation Fund.

A native of Mitchelstown, Co. Cork, He holds a Commerce degree from University College Dublin, is an Associate of the Association of Corporate Treasurers in the UK and is a Fellow of the Institute of Chartered Accountants in Ireland.

Conor Hayes has previously held a range of financial, and non-financial, senior management roles in commercial industry, both in Ireland and overseas, including: Deputy Chairman, Cara Treasury Group; Executive Director, Pleroma Group; Chief Executive, JetPhone; Chief Executive, Ryanair; Chief Financial Officer, Almarai Group; Manager, SKC Corporate Finance.



ADRIAN MOYNES

Was appointed Director (now MD) of Radio with effect from September 2002. He also oversees the operation of Performing Groups IBD.

A native of Co. Armagh, and a graduate in English from Oxford University.

Adrian Moynes joined RTÉ in 1979, after a five-year teaching commitment at further and higher level. Within RTÉ his posts included producer, editor of Young People's Programmes and Head of Scheduling in Television. From 1997 he was a member of the Director-General's Office with reporting responsibility for Raidió na Gaeltachta, the RTÉ Performing Groups, Freedom of Information and as the management representative on the Industrial Relations Tribunal.



EDWARD MULHALL

Was appointed Director of News (now MD News and Current Affairs) with effect from 1997.

A native of Athy, Co. Kildare and a graduate in Economics and Politics from Trinity College Dublin.

Ed Mulhall joined RTÉ in 1979 as a Radio Producer in Current Affairs. Subsequently Ed was the Assistant Head of Features and Current Affairs in Radio and the Programme Editor of Television News, editing the *Six One* and *9 O'Clock News* programmes, and the Managing Editor in the Newsroom Division in 1994.



BRIDE ROSNEY

Was appointed Director of Communications with effect from December 2001.

A native of Caherciveen, Co. Kerry and a graduate in Science from University College Dublin and Computer Practice from Trinity College Dublin.

Bride Rosney, joined RTÉ after working as a communications consultant in the spheres of new technologies and the arts. After over 20 years experience in education and educational research at both second and third levels she was Special Adviser to Mary Robinson, in her capacity as President of Ireland and UNHCHR, for an eight-year period.

FINANCIAL REVIEW

Results

RTÉ earned a Net Surplus of €6.8 million in 2004 (2003: €2.3 million) building on the organisation's recovery in 2003. In turn this followed the successful restructuring programme which had been undertaken in 2002, with a view to addressing the substantial deficits incurred over the course of the preceding three years.

Improved operating earnings for 2004, as measured by Operating Surplus Before Interest, Tax, Depreciation and Amortisation, came to €27.6 million (2003: €21.5 million).

The impact on the Net Surplus for the year of Operating Exceptional Items, in respect of a Building Impairment Charge of €10.8 million and of a Plant & Equipment / Fixtures & Fittings Write-Down of €8.3 million, was partially off-set by a Non-Operating Exceptional Gain arising on the disposal of a surplus transmitter site at Beaumont of €16.6 million less associated capital gains tax of €3.3 million.

Revenue

Commercial Revenues for 2004 were buoyant in most areas resulting in an increase of €21.5 million, with television advertising accounting for €15.3 million of this overall growth, particularly reflecting increased peak-time audience shares together with improved general market and sales conditions.

Public funding in 2004, in the form of Licence Fee Revenue, increased by €8.7 million. This resulted from a 59,000 unit increase in the number of television licence sales reported in 2004 allied to the welcome decision by Government to award an increase in the cost of each licence from €150 to €152, effective from 1 January 2004.

Operating Costs Before Interest, Tax, Depreciation & Amortisation

Operating Costs Before Interest, Tax, Depreciation & Amortisation for 2004 at €315.3 million (2003: €291.2 million) increased by €24.1 million.

Continuing the pattern set in 2003, the major part of the increase in operating costs, some €16.5 million, arises from RTÉ's goal to continue to increase the quantum and ratio of expenditure on indigenous / Irish originated in-house and commissioned television programmes when compared to expenditure on acquired non-indigenous programme output. It is notable that the amount spent on increasing the output of indigenous

programmes is substantially greater than the overall total increase in public funding received in 2004.

In addition, Network IBD undertook a significant additional maintenance programme covering all key transmission sites at a once-off cost of €4.2 million.

During 2004, the additional cost of compliance with the terms of Sustaining Progress, together with increment agreements, is estimated at €6.5 million.

Employee Numbers

At 31 December 2004, excluding Seirbhísí Theilifís na Gaeilge there were 2,169 employees (2003: 2,025) of whom 407 were part-time/casual employees (2003: 321 part-time/casual employees). The additional numbers employed in 2004 reflect growth in in-house programme production together with increased statutory employment obligations bringing about a requirement to award employment contracts to certain individuals rather than self-employed contractor engagements, as was the historical practice.

After making adjustments for the approximate impact of changes in the definition of employment that have arisen in the intervening years, and from the regularisation of contractor engagements which are now framed as employment relationships, it is estimated that the net number of employees has reduced by approximately 330 people (13%) in the 5 years between 1 January 2000 and 31 December 2004, when viewed on a consistent basis. Off-setting the financial benefit of these head-count reductions, however, the average increase in individual payroll cost arising since the year 2000, solely as a result of Sustaining Progress and its predecessor agreements, amounts to over 27% per person.

Sale of Surplus Transmitter Site

As part of its 2002 / 2003 restructuring activity RTÉ carried out a review of the potential for disposal of assets which were no longer required. It was subsequently resolved to prepare, and dispose of, a 4.4 acre site at Collinswood, Beaumont, Dublin 9, which had historically served as a medium-wave in-fill transmitter site but which was no longer required for that purpose. The sale yielded a net gain, after transaction and site preparation costs, of €16.6 million which is accounted for as a Non-Operating Exceptional Item. The related Capital Gains Tax charge arising amounts to €3.3 million and is separately disclosed.

Write-Down of Plant & Equipment / Fixtures & Fittings

As part of RTÉ's Capital Expenditure planning process, during the year an extensive review was carried out in respect of the records, existence, condition, obsolescence and utility of all Plant & Equipment / Fixtures & Fittings resulting in a non-recurring, non-cash write-down in 2004 of €8.3 million. This is accounted for as an Operating Exceptional Item in the form of an additional depreciation write-down of the respective Plant & Equipment / Fixtures & Fittings Fixed Assets.

Building Impairment Charge

At its site in Donnybrook, RTÉ occupies a "Built" environment made up of approximately 47,000 square metres, much of it of a specialist nature and of varying age and condition and including also a number of protected structures. As part of an assessment of its requirements, RTÉ engaged a firm of Chartered Surveyors together with a firm of Consulting Engineers to help assess the condition of the fabric of the buildings. Arising from this review a non-cash Building Impairment Charge of €10.8 million has been made in 2004. This is accounted for as an Operating Exceptional Item in the form of additional depreciation on Buildings Fixed Assets.

Cash Flow

Net Cash Flow generated for 2004 was €26.0 million, which is positive for the first year since the year 2000. This reflects a combination of the size of the surplus produced, successful control over working capital, containment of capital expenditure, ongoing reductions in the size of redundancy payments (made to former employees under the terms of previous restructuring programmes), together with a sizeable gain arising from the propitious disposal of the surplus site at Beaumont.

Net Liquid Funds (Cash, Marketable Securities, Overdrafts) at 31 December 2004 amounted to €63.2 million (2003: €37.3 million).

Segment Reporting

With effect from 1 January 2003, an entirely new integrated business division (IBD) structure and financial reporting systems were implemented, in part to enable RTÉ to honour its December 2002 commitment to Government to produce comprehensive additional and

transparent information on the financial performance of all its activity from 2003 onwards and in particular on the use of public funding received. Accordingly in its 2003 Annual Report RTÉ included, under Note 1 to its 2003 Financial Statements, a segment analysis categorised by IBD; and a segment analysis categorised by principal Public Service Channel / Service; and, within this latter schedule, in respect of broadcasting services, also reported indigenous programme costs by significant genre.

The 2004 segment analysis, attached at Note 1 to the 2004 Financial Statements, has been further refined and substantially enhanced and where necessary 2003 comparative figures have been re-stated on a comparable basis. Costs and revenues continue to be reported in accordance with appropriate professional accounting standards and rely on consistently applied and objectively justified cost accounting principles. Note 10 – Financial Assets has also been further expanded to include a comprehensive list of all of RTÉ's activities listed by IBD and by Legal Entity. As in 2003, 2004 Licence Fee Revenue is attributed as a contribution to certain of RTÉ's Public Service activities only (see below). Where relevant, costs have been allocated using appropriate full-cost absorption / usage allocation bases.

In 2004 the cost of RTÉ's Corporate HQ has been separately identified. Similarly, costs and revenues associated with the Public Service element of RTÉ's Publishing IBD, its On-Line services, are now also reported separately. In the interests of providing even greater transparency a further set of schedules is included which for the first time explicitly categorises the costs and revenues associated with all of the Public Service and Non-Public Service activities carried out by RTÉ.

Licence Fee Revenue Attribution and Use

The large majority of RTÉ's activities are Public Service activities albeit the cost of providing them is substantially in excess of the amount of public funding received in the form of Licence Fee Revenue. Accordingly, RTÉ engages in a range of ancillary commercial activities, which in turn generate commercial revenues in support of these Public Service activities.

Building on the approach first enunciated in 2003, the 2004 Segment Analysis (Note 1 to the Financial Statements) sets out RTÉ's methodology for the

FINANCIAL REVIEW (Continued)

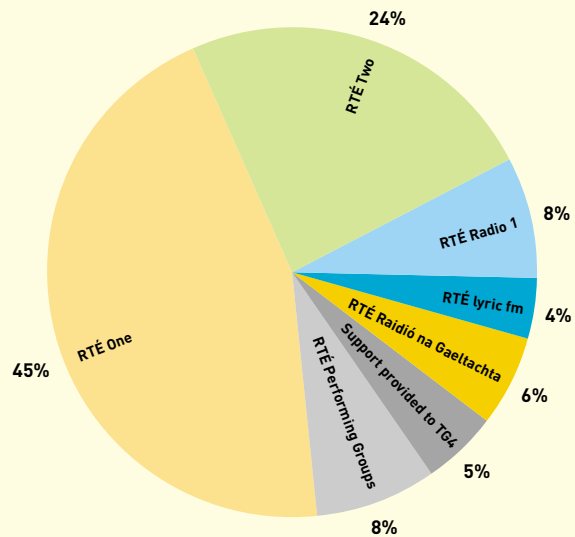
attribution of Licence Fee Revenue to enable RTÉ to report on how Licence Fee Revenue is spent. In doing so it is important to note that some of RTÉ's Public Service activities are attributed with complete public funding, some with limited public funding and some with no public funding. Similarly no element of public funding is utilised for any non-public service activities carried out by RTÉ.

The charts set out below show the attribution of Licence Revenues received by RTÉ during 2004 to some of the Public Service activities carried out by it and separately set out a representation of how monies collected in respect of each individual Licence sold by An Post on behalf of The Department of Communications, Marine and Natural Resources was utilised during 2004, as not all of the Licence Fee collected goes to RTÉ.

Representations of utilisation of individual Licence Fee collected

	€
RTÉ One	61.44
RTÉ Two	32.28
RTÉ Radio 1	10.28
RTÉ Minority Services (RTÉ RnaG / RTÉ lyric fm / RTÉ Performing Groups / Support for TG4)	31.14
TOTAL RTÉ Share	135.14
DEDUCTIONS (An POST / DCMNR / DSFA / Broadcasting Fund)	16.86
Cost of Individual Television Licence	152.00

Attribution of Licence Revenue received by RTÉ in 2004



Pensions

As at 31 December 2004 RTÉ had 622 employees who were members of the RTÉ Superannuation Fund, a Defined Benefit Scheme which had €798 million (at market value) of funds under management at that date. No new employees have joined this scheme since 1988. At the request of the Trustees, the actuaries to the scheme have carried out a Long-Term Funding Actuarial Valuation as at 1 January 2005 and report a surplus of €31.1 million (1 January 2004 €41.3 million) using the attained age method to compute future service liabilities and adopting a 2% investment gap as a key financial assumption.

The scheme actuaries have separately prepared information in accordance with the markedly different methodology mandated by Accounting Standard FRS 17 and have reported a surplus on this basis of €3.2 million as at 31 December 2004 (2003: €51.5 million). In accordance with the transitional provisions of FRS 17, this surplus has not been recorded in the Balance Sheet as at 31 December 2004 but rather is disclosed in Note 15 to the Financial Statements. The full provisions of FRS 17 will apply to RTÉ in the year ended 31 December 2005 including the requirement to record any Surplus / Deficit, as computed in line with FRS 17. This requirement has the ability to expose RTÉ to materially significant volatility in its future reported results both as a consequence of the manner by which FRS 17 seeks to reflect present-value short-term movements in current Equity Market performance and of the method FRS 17 chooses to discount long term future liabilities.

As at 31 December 2004, RTÉ's 1,547 remaining employees are members of various Defined Contribution schemes or are eligible for PRSA type pension arrangements.

International Financial Reporting Standards (IFRS)

Although not yet required to do so, RTÉ has, for reasons of good corporate governance, set a target to adopt IFRS with effect from the financial year commencing on 1 January 2007.

A substantial amount of planning work has already taken place to date to identify the main changes which are expected to have measurable impact on RTÉ's Consolidated Financial Statements. Thus far these include potential changes in accounting for Programme Inventory, Financial Instruments and Pension Benefits in addition to revised presentation formats.

Financial Risk Management

The RTÉ Authority has agreed treasury policies with appropriate controls. RTÉ uses standard financial instruments of varying kinds throughout its business but at present does not utilise any net borrowing. Currently the only Derivative Instruments utilised by RTÉ are forward currency exchange contracts used on a rolling basis to manage currency risks on items procured in non-euro based currencies.

Insurance

Insurance Risks are managed as a centrally incurred shared service with the individual costs borne by the appropriate IBD. Insurance cover is held for significant and appropriate insurable risks including major catastrophe, subject to appropriate deductions and exclusions.

Legal Proceedings

RTÉ and its subsidiaries are party to a wide variety of legal proceedings including some in which claims have been asserted against RTÉ, or its subsidiaries, the outcome of which is uncertain at this point. Based on advice, RTÉ is of the view that appropriate steps have been taken to ensure that the outcome of all of these proceedings will, in aggregate, not have a long-term material adverse effect on RTÉ's financial condition, results or liquidity.



**RTÉ GUIDE IS THE BEST SELLING
IRISH MAGAZINE - 411,000 ADULTS
READ IT EVERY WEEK**

(source: JNRS: Jan-Dec 2004)

CHARTER RESPONSIBILITIES

The *Public Service Broadcasting Charter*, published by Government in June 2004, identifies the guiding principles for RTÉ. Many of the key Charter responsibilities are reflected in other parts of the Annual Report but four areas are reported on for the first time in this document. They are:

- The RTÉ Audience Council
- Details of Irish language programming and other Irish language services
- Acquisitions
- Access to services.

IRISH LANGUAGE PROGRAMMING AND SERVICES

Background

RTÉ has specific responsibilities in relation to Irish language programming - under Article 28 of the **Broadcasting Act, 2001** it is required to:

...provide a comprehensive range of programmes in the Irish and English languages that reflect the cultural diversity of the whole island of Ireland...

Furthermore, **The Public Service Broadcasting Charter (2004)** states that:

...in reflecting the bilingual nature of Irish society, RTÉ shall actively support the use of the Irish language in everyday life through the production of suitable programming.

RTÉ is governed by the provisions of the **Official Languages Act, 2003**, the primary objective of which is to ensure better availability and a higher standard of public services through Irish. RTÉ is required to make specific provision for the delivery of such services to meet its statutory obligation. The organisation is already making progress to ensure it will meet all relevant requirements in line with the time lines to be agreed between RTÉ and the Minister for Community, Rural and Gaeltacht Affairs.

Current Activities

A major RTÉ initiative for 2004 was the learning series *Turas Teanga* - a multimedia approach designed to promote the Irish language. The television programme began its 20-week run in January and it was supported with a radio series, website, comprehensive course book, two DVDs containing all programmes and an audio

CD. These materials constitute a long-term resource for anyone wishing to refresh their knowledge of the language.

RTÉ Raidió na Gaeltachta and TG4 were established, in 1972 and 1996 respectively, to provide national services in Radio and Television. Given this specific remit for RTÉ RnaG, it is considered separately from other RTÉ channels in this document.

RTÉ Raidió na Gaeltachta

RTÉ Raidió na Gaeltachta's mandate, since its establishment in 1972, is to provide a national Irish Language radio service as part of RTÉ's public service broadcasting remit - for the people of the Gaeltacht and also for Irish speakers nationwide. The station has developed and evolved over the years and is now recognised as the appropriate place to develop the future of Irish Language Programming (72.3%, *BCI Survey on Attitudes towards Irish language radio programming*).

The most significant developments in 2004 included:

Programming

- A new weekly soap - first episode broadcast in January.
- Three one-off dramas broadcast in December
- Twelve one-hour documentaries - broadcast each week from mid October.
- Comprehensive coverage of the Olympic Games – two RTÉ RnaG journalists were sent to Athens, a first for the station.
- Extensive coverage of Election Campaigns - European, Local, South African and American Presidential Elections – and of the Citizenship Referendum.

Outside Broadcasts

- The mobile broadcast unit, An Ródaí, travelled country-wide during the summer, with live broadcasts from events such as the Galway Races, Willie Clancy Summer School and Fleadh Cheoil na hEireann.
- An Ródaí visited Summer Colleges in the Donegal Gaeltacht and programmes with young students were co-produced with BBC Radio Ulster.

CHARTER RESPONSIBILITIES (Continued)

- *Nuacht a hAon* was broadcast live for the first time from the European Parliament in Strasbourg.
- *Comórtas Peile na Gaeltachta National Finals* - broadcast from the South West Donegal Gaeltacht.
- Shortlisted for Radio Station of the Year for the Celtic Film and Television Festival 2005.
- Four Media Awards at An tOireachtas in 2004 for journalists from the station.

Youth Focus

- A five-part series on the Irish Language Syllabus for the Leaving Certificate was broadcast - interest was such that the 2005 series will be published on CD.
- The final of *Siansa*, a competition for traditional groups featuring young musicians and organised by Gael Linn was broadcast.
- *Siamsa Scoile*, catering for primary school children, and *Tráth na gCeist* for second level students from throughout the island of Ireland continued.
- *Spórt Iris na nÓg*, young people talking about sporting activities, also continued throughout 2004.
- RTÉ RnaG management met with third level students attending Irish Courses in the three main Gaeltachtaí - Donegal, Galway and Kerry, to get their views on the service being provided.

Awareness activities

- RTÉ RnaG continued with sponsorship of *Oireachtas na Gaeilge* - and 20 hours of live programming was transmitted from Letterkenny.
- A new website was live by June
- The second edition of *Pobal na Gaeltachta - A scéal agus a dhán* was published during 2004.

Comhairle RTÉ Raidió na Gaeltachta

- The 12 member Comhairle met six times during the year and had a particular focus on programming for young people
- The Comhairle brings people together from different parts of the country and different walks of life but with one common objective - the development of RTÉ RnaG.

The following awards indicate recognition of the significant impact of RTÉ RnaG:

- PPI National and Overall Radio Station of the Year 2003.

Other RTÉ Services

Programming

- During 2004 RTÉ Television broadcast a total of 146 hours of Irish language programming - 67.5 hours of programmes and 78.5 hours News & Current Affairs. RTÉ Radio 1 had over 100 hours of programmes and News and Current Affairs in Irish and also offered a selection of bi-lingual programmes such as *Céilí House*, *Mo Cheol Thú*, *Minding Your Language*, *Saints & Sacred Places*, *The Late Session* and *Seán Óg*.
- Weekday ten minute radio news bulletin on RTÉ Radio 1.
- An evening bulletin, *Nuacht*, on RTÉ One experienced a 2% audience growth in 2004 and now has an average audience of 113,000 viewers.
- Irish language news headlines every weekday on RTÉ lyric fm and RTÉ 2fm.
- Weekly current affairs programme, *Cúrsaí Reatha*, was jointly produced between the Radio and News and Current Affairs IBDs and broadcast simultaneously on RTÉ Radio 1 and RTÉ RnaG.
- *Seachtain*, a bilingual regional affairs programme on RTÉ One, is produced by News and Current Affairs from the Galway studios and now has an average audience of 100,000 viewers.
- RTÉ Radio 1 had a 2004 focus on the development of new Drama in Irish and there was a significant increase in the number of dramas broadcast which were written by leading writers in Irish e.g., Alan Titley, Nuala Nic an Iomaire, Mairéad Ní Ghráda and Pól Ó Muirí.
- *Reacaireacht* - an RTÉ Radio 1 archive series highlighted the work of RTÉ RnaG in telling the stories of Gaeltacht life.
- *Oilean na Leabhar* - a short RTÉ Radio 1 series examined many aspects of the Blasket Island writers

- Traditional music programmes, on both radio and television, placed emphasis on songs in Irish.
- Through interviews with singers and recording live performance, RTÉ Radio1 offered Irish Language song a wider audience.
- RTÉ Radio 1 transmitted a special programme on Irish and Irish speakers in County Down
- The four documentaries provided to TG4 by RTÉ News and Current Affairs were repeated on RTÉ Two's *Aon Scéal* series to bring the material to a wider youth orientated audience.
- On RTÉ Television *Léargas* completed another successful season including stories on the forgotten history of the RIC, Irish Architects in Berlin, Lonely men in Kerry, young Galway Muslims in Egypt, and the story of Ford Motors.
- A new television series, *Scannal!*, significantly increased audiences for Irish language programmes with its incisive and controversial look at stories from our recent past, such as the Kerry Babies, Ben Dunne and Bishop Eamonn Casey.
- *An Nollaig sa Daingean*, on Christmas Day, programmes broadcast during Seachtain na Gaeilge and an exchange scheme with TG4 (*Aon Scéal* and *Ros na Rún*) added to the range of programmes broadcast.

Awareness activities

- RTÉ played a significant role in *Seachtain na Gaeilge 2004* e.g. presenters encouraged the use of Irish, competitions and promotions focussed on the week and station announcements included significant use of Irish. Also there was some special programming e.g. *The Book on One* featured *A Thig ná Tit Orm* by Maidhc Dainín Ó Sé.
- RTÉ Radio1 participated at *Éigse Cholmcille* in Derry - radio producers conducted workshops in writing for radio with particular emphasis on young writers in Irish.
- RTÉ News and Current Affairs organised a four-day *News Presenters Course* in association with the Galway Film Centre.
- Údarás na Gaeltachta and the Galway / Mayo Institute of Technology organised the **Higher Diploma in**

Applied Irish and Translation. The course was held in Carna, and through the involvement and support of RTÉ News and Current Affairs, RTÉ Programme Editors conducted several modules and the RTÉ newsroom in Baile na hAbhann was used as a teaching experience.

- A multimedia website for the RTÉ series *Turas Teanga* is available at www.rte.ie/tv/turasteanga
- An on-demand version of a weekday *Nuacht* bulletin is available from www.rte.ie

Support to TG4

- RTÉ contributes, through its News and Current Affairs dedicated Nuacht team, a daily twenty-six and a half-minute news bulletin on TG4. The Nuacht reporters cover home stories, with particular regional emphasis, and overseas events including during 2004 the tsunami, Irish US reaction to the war in Iraq and the AIDS situation in Uganda.
- As part of RTÉ's contribution of 365 hours per annum to TG4, RTÉ News and Current Affairs provides *Féilte* - one of TG4's most popular summer programmes
- RTÉ News and Current Affairs also provides four documentaries to TG4 annually. These generally deal with the Irish Diaspora - frequently in 3rd world areas.
- In 2004 *Ardán and Coinne le..* were produced in-house by RTÉ for TG4 and three series were commissioned - *Bia's Bóthar*, *Cruinneas* and *An Tuath Nua*. All attracted good publicity and audience interest.
- RTÉ supplied TG4 with the two GAA finals.
- A total of 76 hours of acquired programmes was subtitled or re-voiced for TG4.

CHARTER RESPONSIBILITIES (Continued)

AUDIENCE COUNCIL

In RTÉ's submission for a Licence Fee increase in November 2002 it pledged to establish an Audience Council to facilitate communication, and to enhance accountability, with our audience.

The Audience Council was established in 2003, for a four-year term, and is an advisory group to the RTÉ Authority. The Council comprises 22 members as follows:

Nominees

11 members representative of organisations key to different aspects of Irish life.

Valerie Keegan	IBEC
Oliver Donohoe	ICTU
Derek Cunningham	IFA – Chair of Council, 2004
June Tinsley	Community and Voluntary Pillar
Mary Cloake	Arts Council
Emer Fisher	National Children's Office (replaced September by Mary Golden)
Eddie Sheehy	City and County Managers' Association
Patrick O'Leary	Equality Authority
Maolsheachlainn Ó Caollaí	Foras na Gaeilge
Alan McCormack	Irish Council of Churches
Paul McDermott	Sports Council

Individual Members

The RTÉ Authority, with appropriate external advice and support, and following an open advertisement appointed ten individual members. Two of these members are from each of Ireland's EU constituency areas and two from Northern Ireland.

Mary Gallagher MacBride	Connacht/Ulster
Padraig McGinn	Connacht/Ulster
Mark Connolly	Dublin
Ruth Gallagher	Dublin
Paul M. Kinsella	Leinster
Sheena Walsh McMahon	Leinster
Antony Kelly	Munster
Adrian Ó Donnabháin	Munster
Eilis Boland	Northern Ireland
Alison McCullagh	Northern Ireland

Ex-officio Member

One ex-officio member was appointed by the RTÉ Authority to provide a close link between it and its advisory group.

Garry Hynes	RTÉ Authority
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The Council had an informal meeting in late 2003 and the first formal meeting of the RTÉ Audience Council was held on Tuesday 8 January 2004. Derek Cunningham, nominee of the Irish Farmers Association, was elected Chair in accordance with Standing Orders adopted. Cathal Goan, RTÉ's Director-General addressed the meeting and committed to making senior management available to attend meetings of the Council to facilitate discussion in every way possible.



Valerie Keegan



Oliver Donohoe



Derek Cunningham



June Tinsley



Mary Cloake



Mary Golden



Eddie Sheehy



Patrick O'Leary



Maolsheachlainn Ó Caollaí



Alan McCormack



Paul McDermott



Mary Gallagher MacBride



Padraig McGinn



Mark Connolly



Ruth Gallagher



Paul M. Kinsella



Sheena Walsh McMahon



Antony Kelly



Eilís Boland



Alison McCullagh



Garry Hynes



**237 PERFORMANCES WERE GIVEN
BY RTÉ PERFORMING GROUPS
THROUGHOUT IRELAND IN 2004**

[source: RTÉ: Jan-Dec 2004]

CHARTER RESPONSIBILITIES (Continued)

Council Meetings

There were five formal meetings during 2004. For each meeting an agenda, comprised of topics submitted by members, was circulated in advance and members of RTÉ staff versed in the topics were available for discussion if required by the Council. The following summaries indicate the range of topics addressed:

- **January** - Council members made presentations on Drama and Current Affairs on RTÉ Television and evening programmes on RTÉ lyric fm and RTÉ Radio 1; the Managing Directors of Radio, Television and News and Current Affairs attended to participate in the discussion.
- **March** - Clare Duignan, RTÉ Television's Director of Programmes, attended for a discussion on TV programmes in the RTÉ schedule. Peter Feeney, Head of Public Affairs Policy, also attended at the Council's request, to facilitate a discussion on RTÉ's accountability to its audience and to give an overview of the complaints procedure and the methods of gauging audience reaction to programming. There was a discussion on the broader issue of the programme guidelines set by RTÉ, and the need to develop new on air presenter talent for both Radio and Television.
- **June** - Peter Feeney again attended to brief the Council on the Broadcasting Commission of Ireland's Draft Code on Children's Advertising; the Council welcomed the development of the Code.
- **September** - the Council convened in Galway and focused on regional programming. Tom McGuire, Regional Editor RTÉ Radio 1, gave an overview in terms of programming and sponsorship. In a discussion on regional programming, with Tom McGuire and Jim Fahy, RTÉ's Western Correspondent, the Council agreed that RTÉ's regional coverage on Radio and Television is very good within the resources available. Members suggested that the greater Dublin region should be included when RTÉ is considering and planning regional coverage and that RTÉ should continue its commitment to regional programmes. The Council felt it was critical that regional coverage be knitted into the mainstream news and current affairs coverage, and not ghettoised in separate programming. The Council agreed that it would return to the issue of regional programming at a later stage.
- **November** - the final meeting of the year addressed the issues of taste and decency in the context of public service broadcasting. Kevin Linehan, RTÉ Television's Commissioning Editor, Music and Entertainment, attended the meeting. The Council questioned the relevance of RTÉ's on screen classification icons, which were described as obscure and unhelpful to the majority of viewers. It was suggested that classification icons more in line with those used in cinemas would be of greater benefit to viewers. Kevin Linehan said that RTÉ was reviewing its on screen classification icons to ensure that they give genuine guidance to viewers on programme content. The Council agreed that RTÉ has to be relevant, and reflect issues as they are in society. However it was also felt that the broadcast media, by reason of being more accessible, has greater responsibilities on issues of taste, decency, etc.

Major Issues

Diversity

The issue of diversity arose frequently throughout the year and was discussed formally for the first time at the March meeting. Clare Duignan advised that RTÉ Television was reviewing its policies on diversity; the Council felt that broadcasters must reflect our changing society in all its diversity: ethnic, religious, etc. The Council was circulated with a draft paper on *Multiculturalism and RTÉ Television* prior to the November meeting, and Máiréad Ní Nuadháin, RTÉ Television's Commissioning Editor, Irish language, Multicultural and Educational Programmes, attended the meeting. The Council raised three issues pertaining to the document: recruitment, training and presentation on screen. The Council commended the document, which is not yet official RTÉ policy, and sought clarification on how the policy would be monitored. It also asked for a diversity update in the RTÉ Annual Report going forward.

Four members of the Council undertook to examine how diversity and equality issues are reflected in RTÉ's programming for the September meeting. The reports expressed overall satisfaction with RTÉ Radio where the standard of journalism was found to be trustworthy, authoritative and professionally delivered, and endorsing the Public Interest Tests that RTÉ sets itself. It was found that there was a high standard of coverage of diversity on RTÉ Television. However the Council felt that the opinion of a wide range of ethnic groups was not always heard. The Council also looked at how religious and cultural groups find representation on RTÉ programmes, and how religious groups are represented in the current schedule.

CHARTER RESPONSIBILITIES (Continued)

Prior to the November meeting the Council was circulated with a discussion paper *Disability in Media* from Mark Connolly, representing Dublin. The debate which followed focused on the responsibility of RTÉ, as Ireland's Public Service Broadcaster, to contribute to "campaigning issues", and the need for "a realistic portrayal", across the media, of issues around disability.

Local Election Coverage

The Council, at its September meeting, expressed concern at the coverage of the local elections on both Radio and Television; in particular, members queried the extent and consistency of the results coverage throughout the count and whether it met the high standards expected of RTÉ. This issue was discussed at RTÉ Editorials within the News and Current Affairs IBD and at corporate level and both meetings concurred with the concerns expressed by the Council. A commitment has been made to investigate alternative and more comprehensive coverage for the next local elections.

Conclusion

Derek Cunningham, Chair of the Council, reported to the RTÉ Authority's Programme Sub-Committee meeting in November, and set out priorities for its work going forward. Paul M. Kinsella, for the individual members, and Paul McDermott, for the representative members, accompanied the Chair. Concluding the first year of the Council's term, members broadly agreed that the Council had fulfilled a useful job in providing an opportunity to address a wide range of issues and concerns to RTÉ senior management and programme makers.

ACQUISITIONS

Acquisitions continued to play an important part in the schedules of RTÉ One and RTÉ Two and all acquisition negotiations were conducted in full compliance with the RTÉ *Code of Fair Trading Practice*.

2004 saw strong performances from series such as *The Sopranos*, *C.S.I.*, *Las Vegas*, *Scrubs*, and the final series of *Friends*. RTÉ's policy of transmitting these series ahead of the UK competition proved beneficial. Stalwarts of the schedules such as *Eastenders*, *The Simpsons* and *Home and Away* continue to make it into the top twenty weekly programmes on their respective channels.

On the feature film front, notable premieres included *Harry Potter and the Philosopher's Stone*, *Die Another Day*, *Bridget Jones's Diary*, *Pearl Harbor*, and *About a Boy*. The top rated movie of the year was an Irish production, *Song for a Raggy Boy*.

Deals done during 2004 will once again see movie premieres and new series on RTÉ in 2005.

UNIVERSAL ACCESS TO SERVICES

Currently RTÉ television coverage, depending on service, reaches 97.8% to 99.1% of the population, (see map on page 33).

RTÉNL, a wholly owned subsidiary company of RTÉ, is working to extend this level of coverage wherever possible. To this end financial and technical resources have been targeted, during 2004, to two initiatives - particularly in geographically remote areas.

Coverage extended through development of new transmission sites

A number of new sites have been identified which will extend coverage to homes which cannot currently receive a signal. Access to these sites has been secured through negotiation with local landowners and communities. RTÉNL is engaged in the necessary planning processes with relevant local authorities; subject to satisfactory approval these sites will be developed during 2005. Suitable transmission equipment has been identified and procured to enable expeditious completion of works once all planning and legal issues are resolved.

Quality of service enhanced from existing sites currently operated by local communities

RTÉNL is working to enhance the level of service in areas receiving their television signals via local community schemes. Discussions are in progress with a number of local community groups and landowners to regularise RTÉNL access rights to these community transmission sites. Subject to the satisfactory conclusion of these discussions, transmission equipment will be replaced and upgraded so as to improve coverage in the catchment areas. RTÉNL will then take over responsibility of operation and maintenance of the sites from the local communities as appropriate.

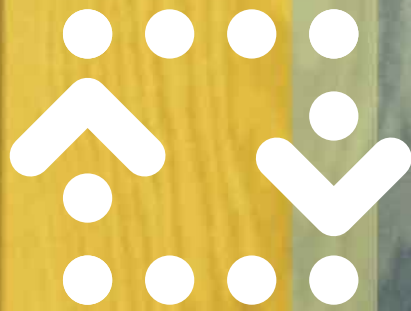
**COVERAGE MAP OF RTÉ ONE AND
RTÉ TWO TELEVISION.**

Reception mode:

roof-top, 10 metres above ground level.
Minimum required field-strength 55dB μ V/m.



60 dB μ V/m - 70dBm
55dB μ V/m - 75dBm
Note: Only Transmitter Stations
exceeding 3kW are shown.



**RTE.IE HAD AN AVERAGE OF 9.9
MILLION PAGE IMPRESSIONS EVERY
MONTH DURING 2004**

(source: RTÉ)

STATEMENT OF COMMITMENTS

In the first quarter of the year RTÉ published its *Statement of Commitments, 2004*. The document was disseminated widely in hard copy and was placed on rte.ie where it remained for the year. The statement detailed quantitative commitments in relation to corporate and output activities that were independently assessed, on behalf of the Minister for Communications, Marine and Natural Resources, by PricewaterhouseCoopers in October/November. The assessors scored RTÉ 5 out of a possible maximum of 5 on the way it met the commitments. The following charts summarise the commitments made and the level of achievement in each case.

Corporate

Commitments

Results

Operate under the new Charter to be published by the Minister for Communications, Marine and Natural Resources

The Minister for Communications, Marine and Natural Resources published the *Public Service Broadcasting Charter* in June 2004. The Charter was drawn to the attention of all staff. The public's attention was drawn to it on RTÉ's website at time of publication.

Publish 3-year Strategy

The proposed Strategy Document was recast as RTÉ's *Guiding Principles – Implementing the Public Service Broadcasting Charter*, and published in November 2004. It was recast for a complexity of reasons e.g. the RTÉ Authority completes its term in May 2005 and it was not appropriate for it to adopt a multi-annual plan in its last six/eight months.

Continue to operate under the Code of Fair Trading Practice.

Only two queries, both in relation to airtime sales, were received by RTÉ. No complaints were received by RTÉ. A complaint was made to the Competition Authority in relation to alleged favourable treatment by RTÉ to the RTÉ Guide with regard to programme listings. After an initial investigation the Competition Authority decided to take no further action. The Competition Authority ruled, in January 2004, in relation to a 2003 complaint against RTÉ under the terms of the Competition Act 2002. The complaint was not upheld.

Establish strategic relationships with key countrywide organisations in specific interest areas.

Multi-annual agreements reached with:

- Metro Éireann - to promote cultural diversity in the media, sponsoring Media Awards.
- All Ireland Drama Association – sponsoring *RTÉ All-Ireland Drama Festival* promoting amateur drama, sponsoring Season.

Provide communication tools to facilitate the work and interaction of the Audience Council

The range of tools included: - group e-mail list to facilitate members contacting each other - 21 of the 22 members used email access; all RTÉ press releases sent to members so that all are kept up to date; report of each meeting made available to the Authority and Executive; agreed communiqué available on the website – and past communiqués archived on the web; access to staff ; full-time RTÉ staff member as dedicated point of contact ensuring good communications.

STATEMENT OF COMMITMENTS (Continued)

Corporate (Continued)

Commitments

Publish a new format Annual Report (for 2003) meeting all transparency commitments

Results

All transparency commitments met. Other PSB Annual Reports reviewed including those of the BBC (UK), TVNZ (New Zealand) and DR (Denmark) and the RTÉ Report compares exceptionally well. RTÉ Report is the only one published in both hard and CD format and meeting WAI criteria - the international set of standards used as a benchmark to degrees of accessibility.

RTÉ Radio

RTÉ Radio 1 Commitments

Increase number of Social Documentaries, to 26 hours, including new series on Race and Racism, Education and Irish language

Commitment met

Include prime daytime programmes produced in the regions plus special county and event focus – from 42 to 60 hours

Commitment exceeded by 11%

Minimum of 20 hours programming for young people including a National Children's Drama Competition

Commitment exceeded by 85% - drama competition completed

Recording (6 hours) to promote the performance of contemporary live acoustic music in various genres

Commitment exceeded by over 30%

RTÉ 2fm Commitments

9 hours of examination focus and 20 hours made by transition year students

Commitment not met, shortfall of 7% - total of 27 hours broadcast

Summer Festivals Outside Broadcast coverage and recorded band sessions (34 hours)

Commitment exceeded by over 64%

Regional increase from 138 to 180 hours including Saturday Show (weekly) and Full Irish (monthly)

Commitment exceeded by over 80%

50 hours of sports programming with a weekly sports hour

Commitment met - 52 hours broadcast

400 hours of Alternative Music - 8 hours weekly – focus on new Irish music, supporting composers, singers and musicians

Commitment met - 416 hours broadcast

Increase News and Current Affairs from 370 to 450 hours, new Newsbeat programme for under-35s and continuation of all main News coverage

Commitment met – 468 hours broadcast

RTÉ Radio (Continued)

RTÉ lyric fm Commitments

Results

Visits to 40 schools	Commitment met – 41 schools visited
Maintain 170 outside broadcast hours of coverage of regional festivals, venues and events	Commitment exceeded by over 26%
Broadcast 9 New Music commissions from 2003 Commission 15 more	Commitment met - 11 commissions broadcast Commitment not met - 10 more commissioned
Maintain and develop the extra hours of contemporary spoken arts - recording and broadcast of 4 Dramas (30 minutes) & 5 "Stages"(1 hour). 10 x 5 minutes concert interval pieces transmitted in 2003 – 40 more recorded for transmission in 2004.	Commitment met – all broadcast
Maintain improved News service (80 hours)	Commitment exceeded by over 65%

RTÉ Raidió na Gaeltachta Commitments

Results

Newly commissioned drama serial; one-off dramas through year (total 5.5 hours)	Commitment exceeded by over 100% - 12 hours broadcast
Maintain 2003 level of 50 hours of Factual programming, including: <i>Leagan Cainte</i> , <i>Faisnéis</i> and <i>SBB agus a Aoi</i>	Commitment exceeded by over 35%
Maintain 2003 level of 20 hours of Young Peoples programming, including: <i>SportIris Na nÓg</i> and <i>Tráth na gCeist</i>	Commitment exceeded by 70%
Maintain 2003 level of 60 hours of Regional programming, including: <i>Rogha John Spillane</i> , <i>Cois Laoi</i> , <i>Blas</i> and <i>Súil Na Cathrach</i>	Commitment exceeded by 80%
Maintain existing News services and introduce a new Current Affairs programme 736 hours	Commitment exceeded by 18%

STATEMENT OF COMMITMENTS (Continued)

RTÉ Television

RTÉ One – Peak Time Commitments

Results

Minimum 110 hours of Drama including new and returning series	Commitment exceeded by 6%
Minimum 300 hours of Factual programming including Irish Language, Education, Diversity and Regional. Highlights include <i>Bloomsday</i> , EU activities and <i>Turas Teanga</i>	Commitment exceeded by 15%
Minimum 200 hours of Music and Entertainment, including <i>RTÉ/People in Need Telethon</i>	Commitment exceeded by 17%
Minimum 530 hours of News and Current Affairs including regularly scheduled News and Current Affairs programming and coverage of Ireland's EU Presidency, EU enlargement, various Elections. New series of 1-hour Current Affairs specials <i>Prime Time Investigates</i> , documentary on the Presidency of Mary McAleese	Commitment exceeded by 5% - 555 hours broadcast

RTÉ Two (formerly Network 2) – Peak Time Commitments

Results

Minimum of 40 hours of Drama including comedy drama series set in Dublin and a 1- part paranormal thriller.	Commitment exceeded by 40%
Minimum of 80 hours Music and Entertainment including celebration of Ireland's EU Presidency and EU Enlargement, a new series of programmes featuring the RTÉ Performing Groups in concert and Multi Cultural Music – a celebration of Ireland's biggest multi-cultural Music Festival	Commitment exceeded by 13%
Minimum 73 hours of News and Current Affairs including <i>Aon Scéal</i> , a series of Irish language current affairs documentaries	Commitment exceeded by 14%

RTÉ Television– both channels, all time

Results

900 hours of sports including Olympic Games, European Championships, FA Premier League soccer matches, GAA Championships, international Soccer, international and domestic Rugby, Horse Racing, Motor Sports, Golf and minority sports.	Commitment exceeded by 14%
Young Peoples – 600 hours	Commitment exceeded by 20%
Subtitling – increase to 3,200 hours	Commitment exceeded by 27%

RTÉ Performing Groups

Commitments	Results
RTÉ National Symphony Orchestra – 67 performances	Commitment exceeded – 72 performances
RTÉ CO – 71 performances	Commitment exceeded – 80 performances
RTÉ Vanbrugh String Quartet – 28 performances	Commitment met – 28 performances
RTÉ Choirs – 9 performances	Commitment exceeded – 12 performances
Guest Ensembles – 6 performances	Commitment met – 6 performances
74 education related performances and workshops	Commitment exceeded – 88 performances and workshops

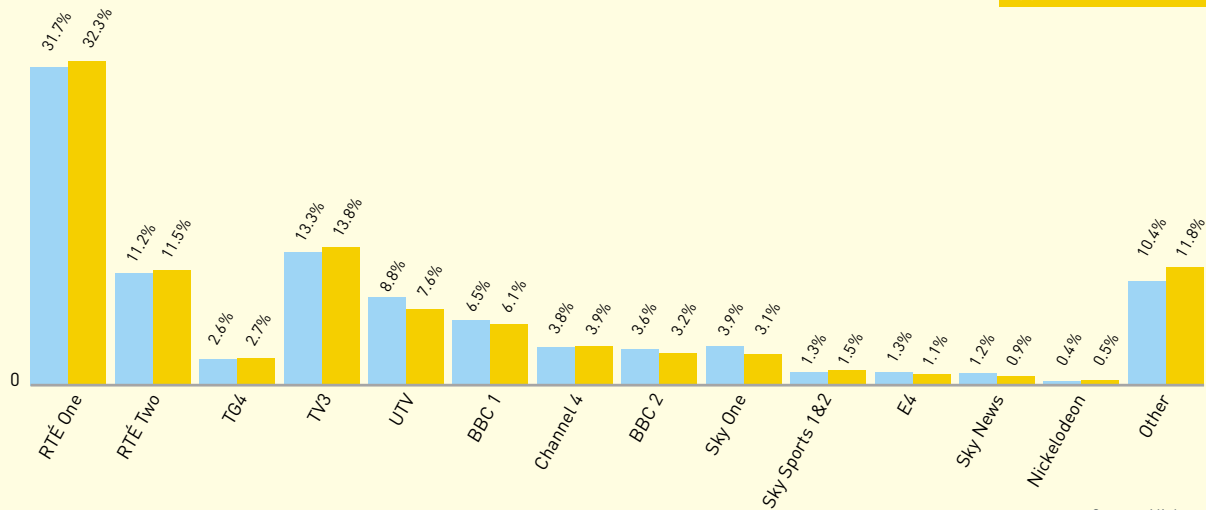
RTÉ Publishing

Commitments	Results
RTÉ Guide – publish supplement on <i>European Year of Education through Sport</i>	Commitment met - published in November 2004
RTÉ ePublishing – launch health site on web and on RTÉ Aertel	Commitment met - launched in December 2003.
RTÉ ePublishing – provide election coverage	Commitment met - coverage included: <ul style="list-style-type: none"> • European Elections - full news and results service broken down by constituency and including all counts. • Local Elections - full News service. Final results only in Local Elections broken down by number of councillors per party elected. • Presidential Election – not applicable. • Citizenship Referendum - full News and results services broken down by constituency.
RTÉ ePublishing – upgrade coverage of sports of Irish interest on web and RTÉ Aertel	Commitment met - coverage included: <ul style="list-style-type: none"> • Olympics - complete news and results service for special RTÉ Aertel and RTÉ Online sites covering all events from preliminary to final stages with particular emphasis on Irish Athletes. This included profiles of each event, all Irish Athletes and the history of the games. • Eircom League - Increased coverage during the season including previews, full results and reviews of all eircom league and cup games. • GAA Championship – increased coverage of football and hurling including previews and match reports of games as well as news and results. • Rugby - greatly increased coverage of rugby including reports and previews of AIL/Celtic League/Heineken Cup games and Irish international fixtures as well as news and results.

SUMMARY STATISTICAL INFORMATION

National individual peak time (18.00 - 23.29) television channel shares

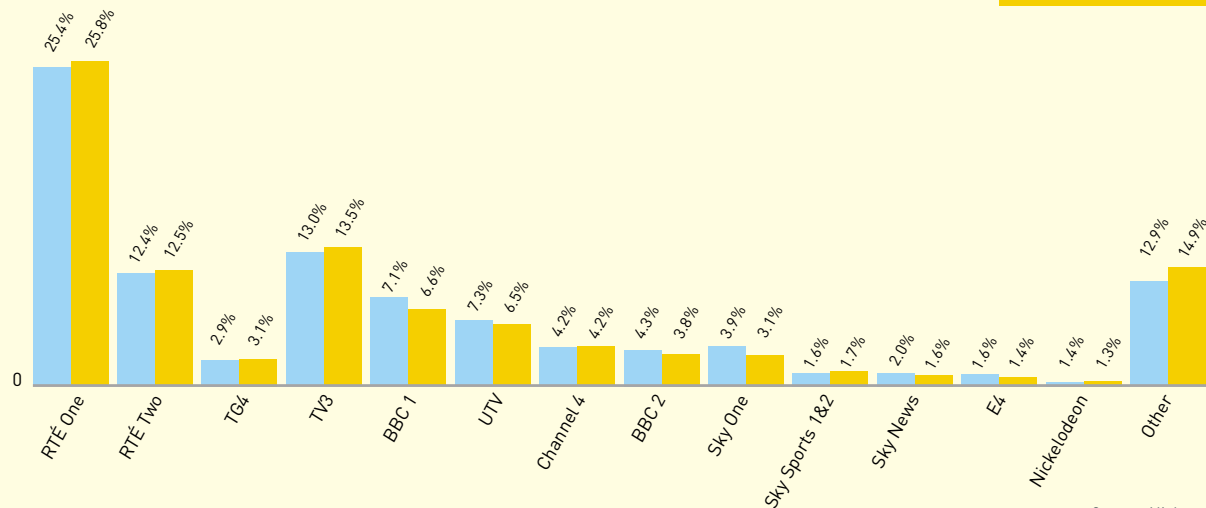
2003
2004



Source: Nielsen Media

National individual all day television channel shares

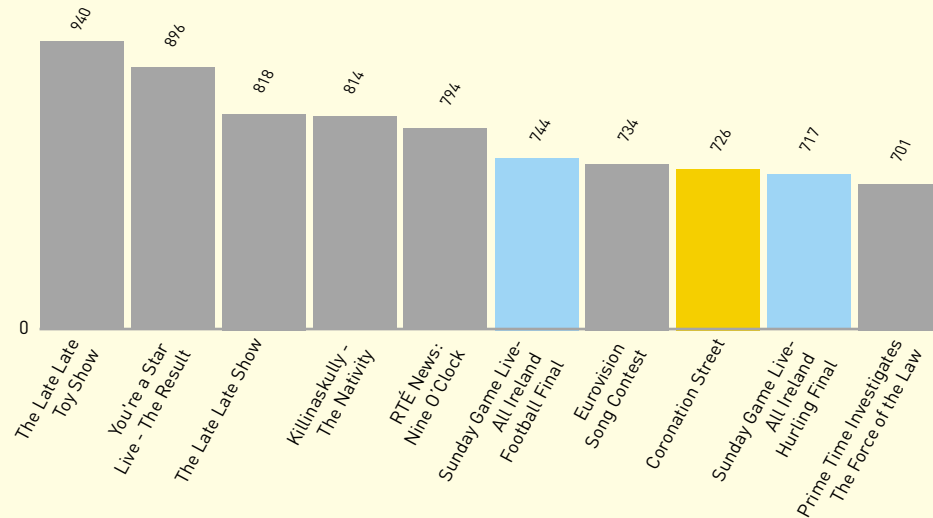
2003
2004



Source: Nielsen Media

Most watched programmes (000's of viewers)

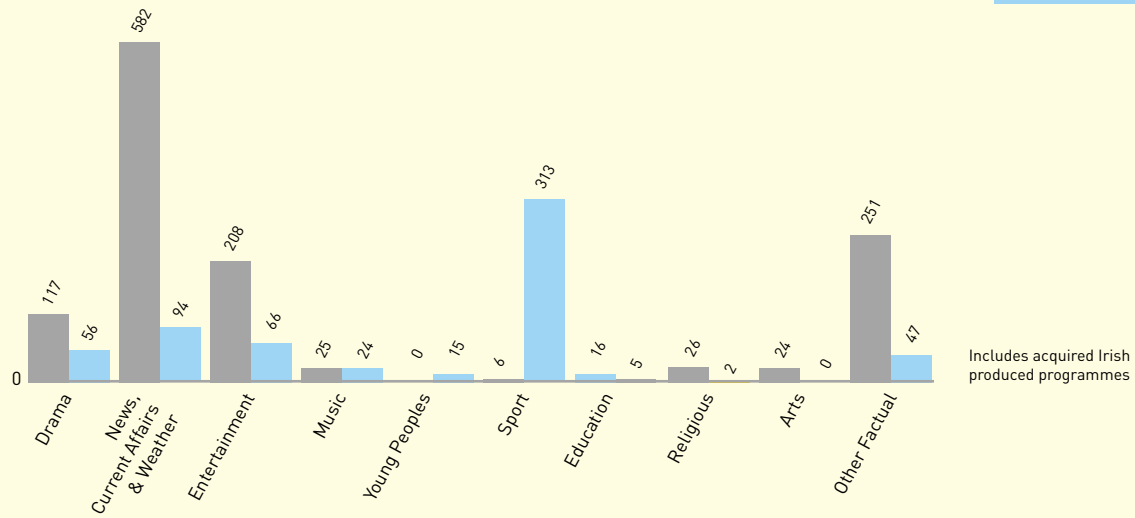
RTÉ One
RTÉ Two
TV3



Source: Nielsen Media

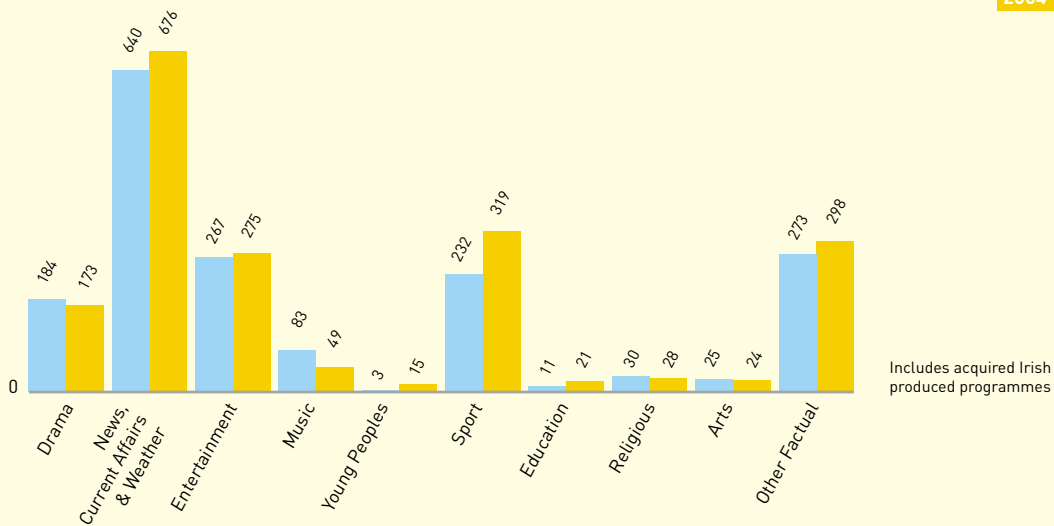
Indigenous hours broadcast on RTÉ Television in peak time by Genre

RTÉ One
RTÉ Two



Indigenous hours broadcast on RTÉ Television in peak time by Genre - All RTÉ

2003
2004



SUMMARY STATISTICAL INFORMATION

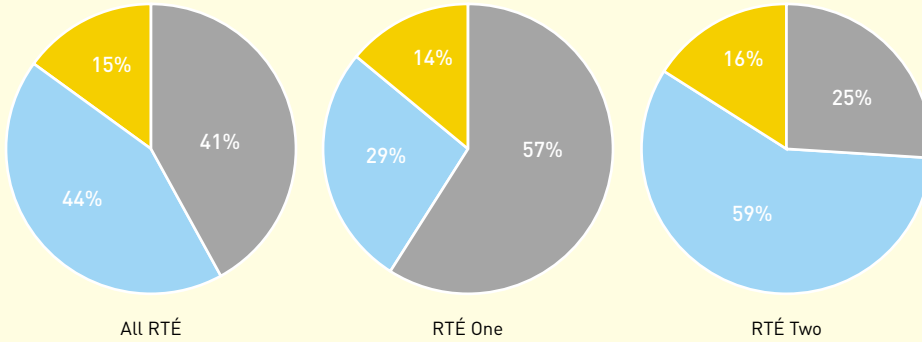
RTÉ Television peak time content analysis

Indigenous Production

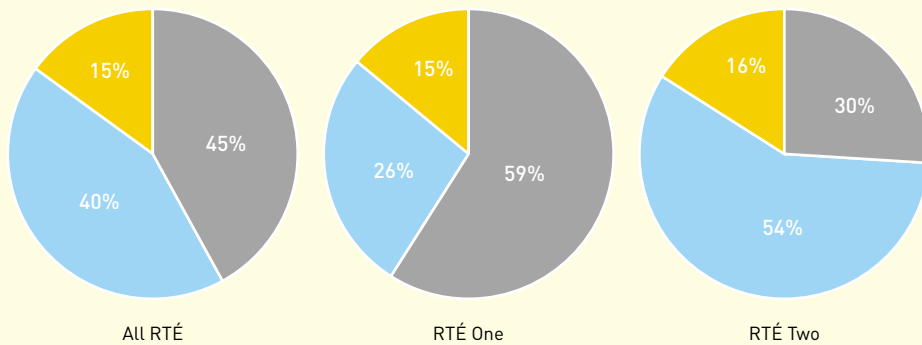
Acquisitions

Other

2003



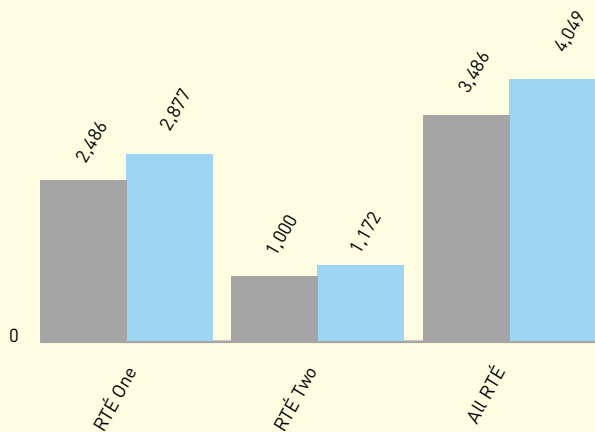
2004



Subtitling - RTÉ One & RTÉ Two - all time

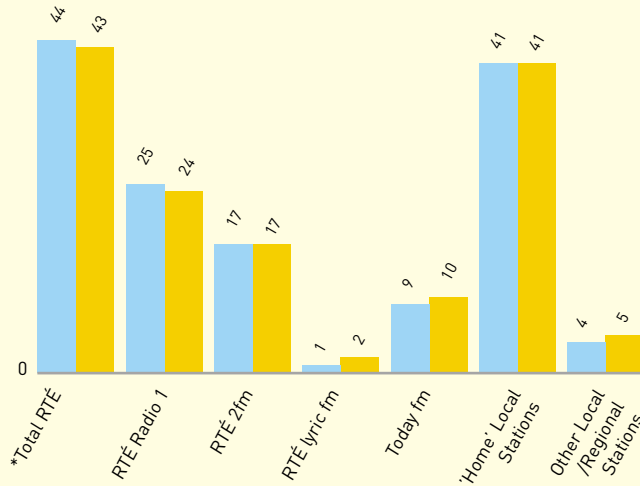
2003

2004



National shares of radio listening 7am to 7pm

2003
2004



*Note: Total RTÉ includes RTÉ Radio 1, RTÉ 2fm, RTÉ lyric fm and RTÉ Raidió na Gealtachta

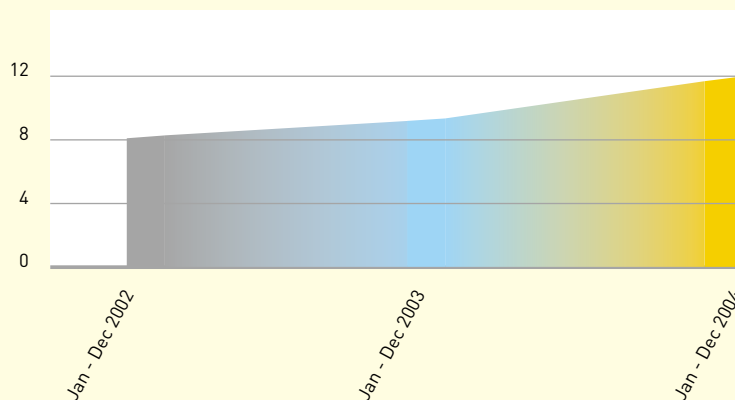
Source: JNLR surveys (tns-mrbi)

The top ten weekday national radio programmes in 2004 were all on RTÉ Radio

Rank	Programme (Mon-Fri)	Station	Time-block	% Listening Reach	Number of Adults aged 15+
1	Morning Ireland	RTÉ Radio 1	07:00-09:00	15%	476,000
2	Gerry Ryan	RTÉ 2fm	09:00-12:00	12%	382,000
3	Marian Finucane	RTÉ Radio 1	09:00-10:00	11%	357,000
4	Liveline with Joe Duffy	RTÉ Radio 1	13:45-14:45	11%	344,000
5	News at One	RTÉ Radio1	13:00-13:45	10%	324,000
6	Today with Pat Kenny	RTÉ Radio 1	10:00-12:00	9%	301,000
7	The Full Irish	RTÉ 2fm	06:00-09:00	8%	243,000
8	Five Seven Live	RTÉ Radio 1	17:00-19:00	7%	225,000
9	Gareth O'Callaghan	RTÉ 2fm	12:00-14:00	7%	223,000
10	Michael Cahill	RTÉ 2fm	14:00-17:00	7%	213,000

Source: JNLR surveys (tns-mrbi)

RTÉ Radio 1 national evening market share for adults aged 15+ 2002 - 2004

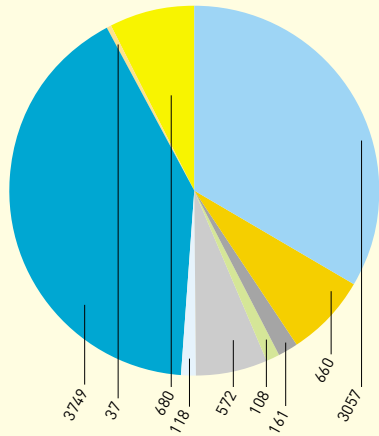


Source: JNLR surveys (tns-mrbi)

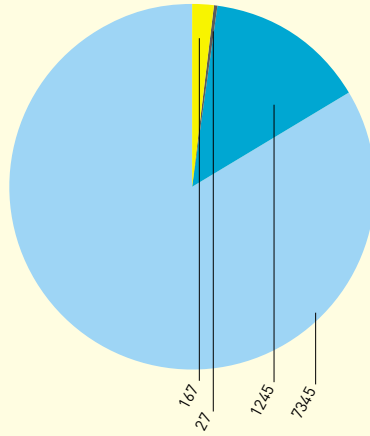
SUMMARY STATISTICAL INFORMATION

RTÉ Radio output hours by genre

RTÉ Radio 1
Total radio output hours 9,142

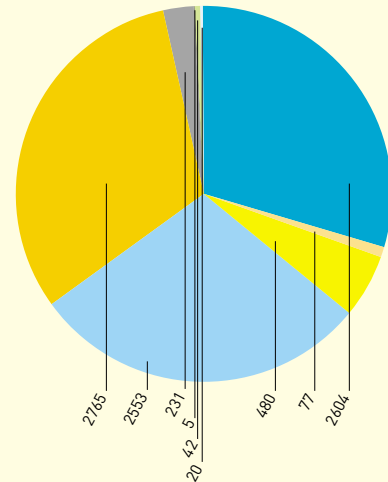


RTÉ 2 fm
Total radio output hours 8,784

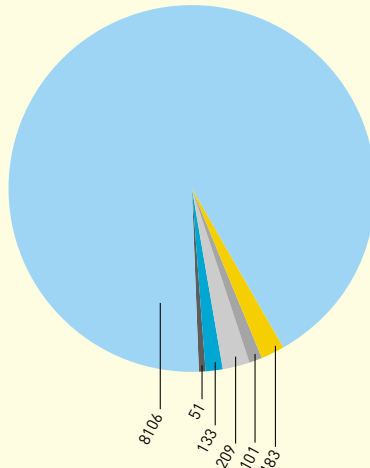


- Arts
- Drama
- News & Current Affairs
- Young Peoples
- Sport
- Music
- Other Factual
- Entertainment
- Religious
- Education

RTÉ Raidió na Gaeltachta
Total radio output hours 8,784



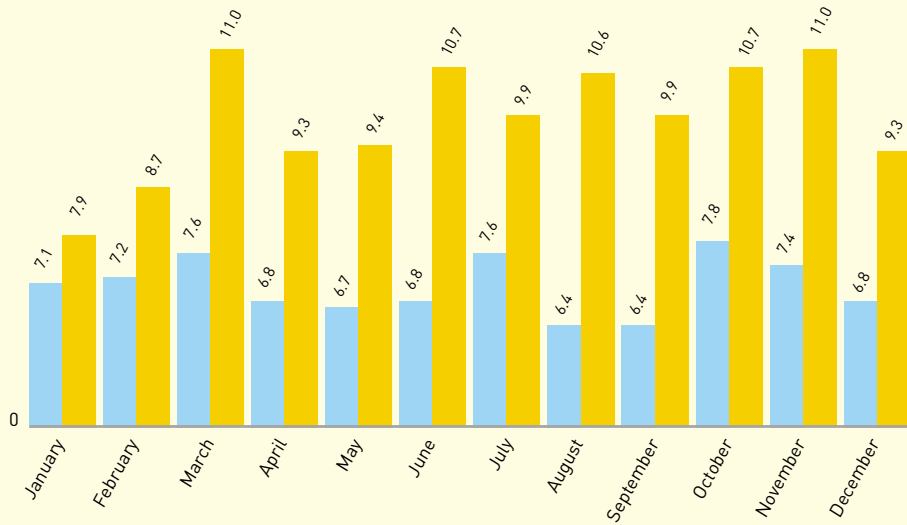
RTÉ lyric fm
Total radio output hours 8,784



Note: Programme classification varies from one channel to another

rte.ie page impressions per month (millions)

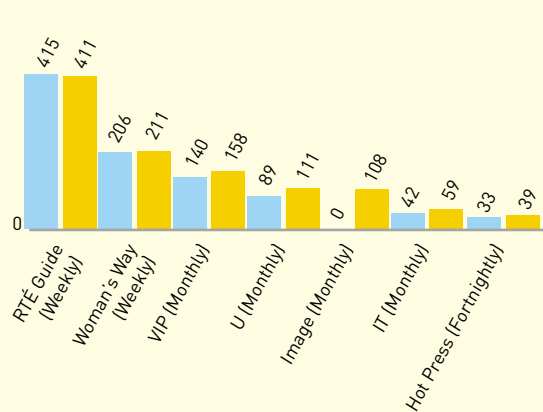
2003
2004



Source: RTÉ

National adults 15+ average readership of Irish magazines per issue (000's)

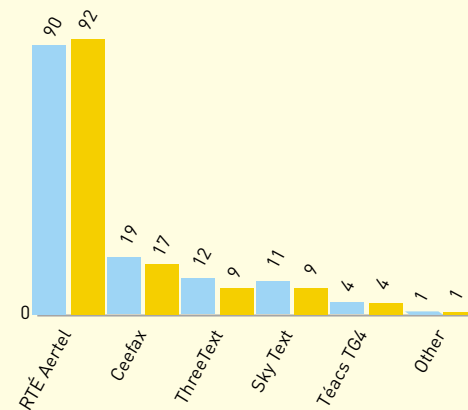
2003
2004



Source: JNRS.
The definition of readership is based on reading or looking at for at least 2 minutes

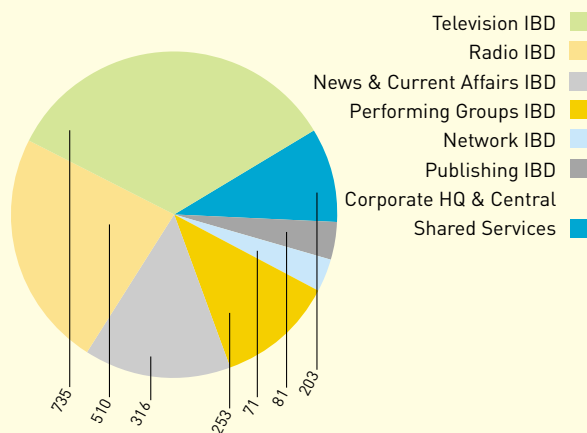
Type of teletext in all households who make use of teletext

2003
2004



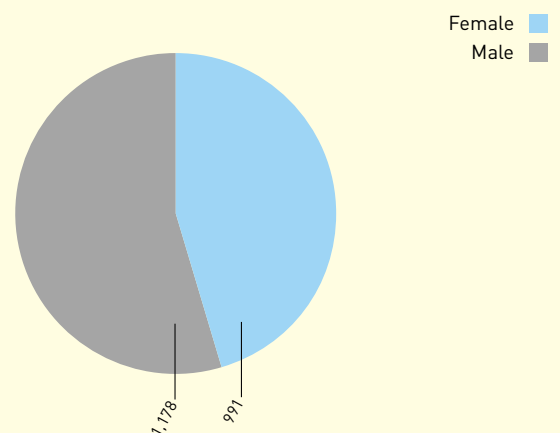
Source: Nielsen Media Research, Establishment Surveys 2003 and 2004

Group Staff Analysis



Full and part-time employees of the RTÉ Group as at 31 December

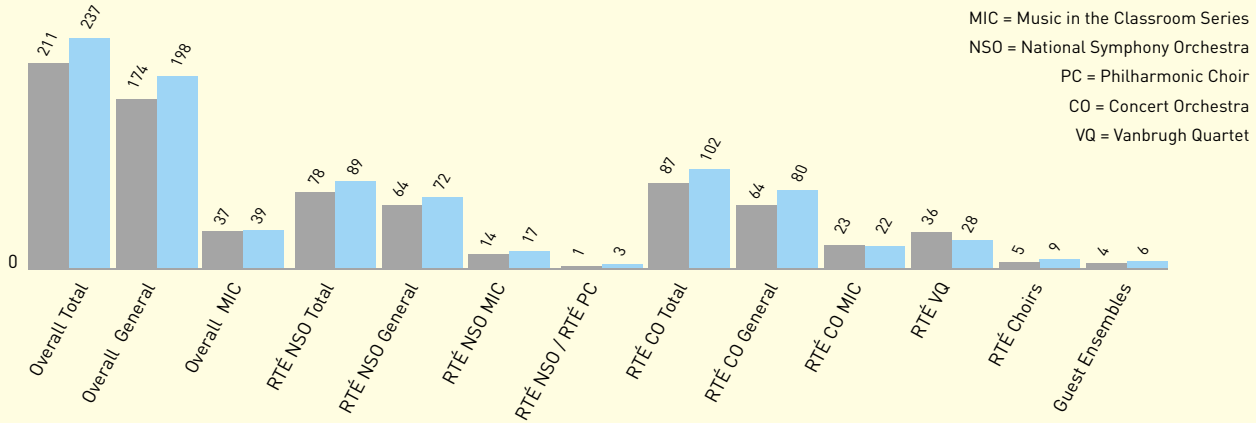
Staff Gender Analysis



SUMMARY STATISTICAL INFORMATION

RTÉ Performing Groups - Performances 2004

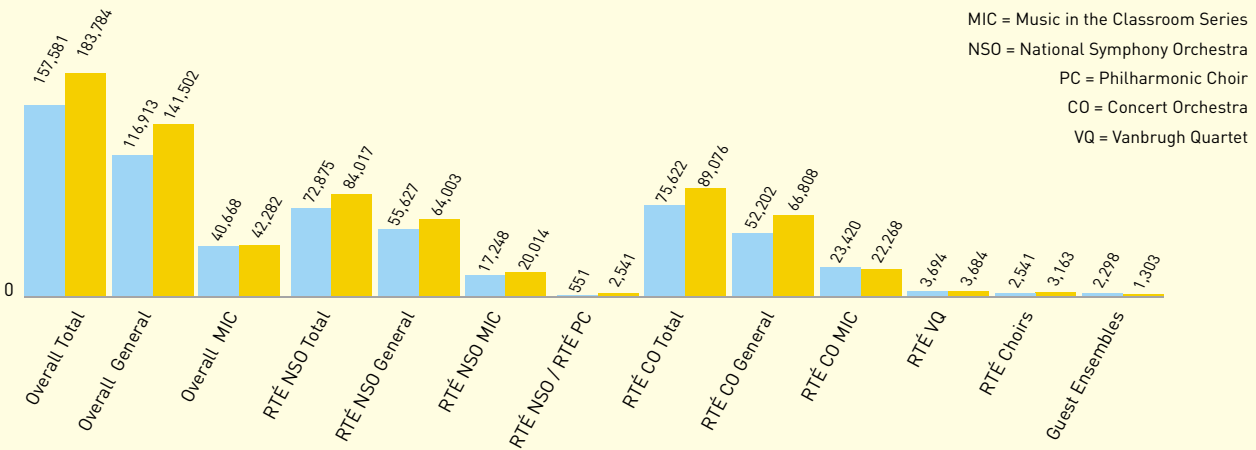
2003
2004



Note: Music in the Classroom Series is also shown in the separate graphic on Educational Activities

RTÉ Performing Groups - Attendances 2004

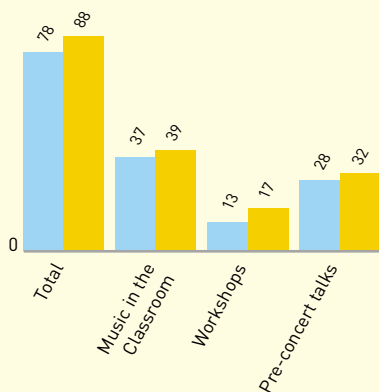
2003
2004



Note: Music in the Classroom Series is also shown in the separate graphic on Educational Activities

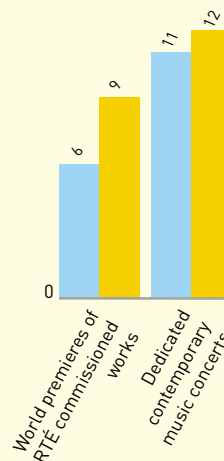
RTÉ Performing Groups Educational Activities

2003
2004



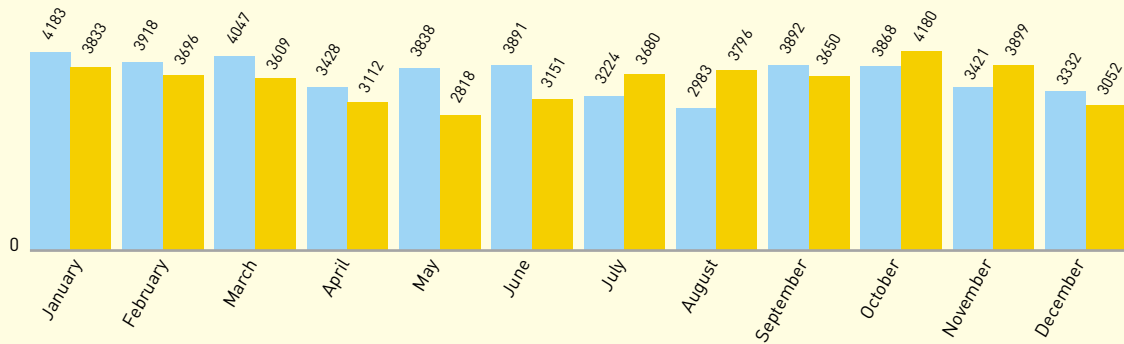
RTÉ Performing Groups Contemporary Music Activities

2003
2004



RTÉ Information - telephone calls

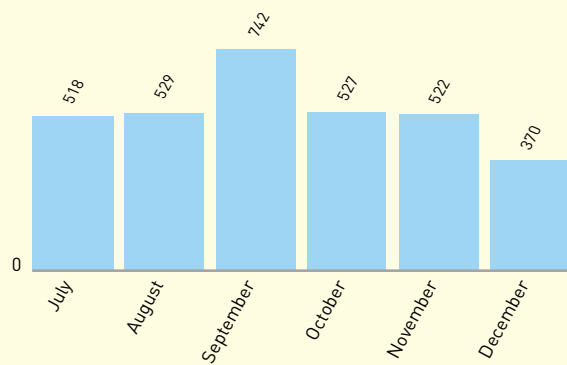
2003
2004



The number of calls to the information lines has reduced slightly from 2003 to 2004, but there has been an increase in the number of e-mails received. The email numbers for the last two quarters are shown below, so it is likely the annual total exceeded 6,000.

RTÉ Information - e-mails

2004



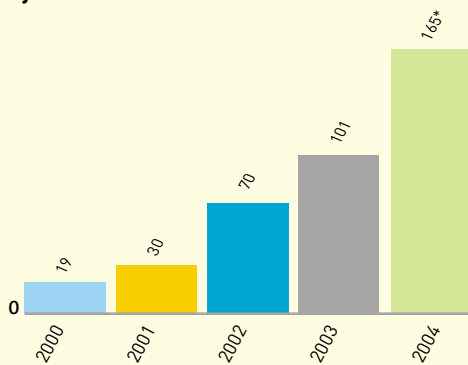
Source: RTÉ

SUMMARY STATISTICAL INFORMATION

RTÉ and the Broadcasting Complaints Commission (BCC)

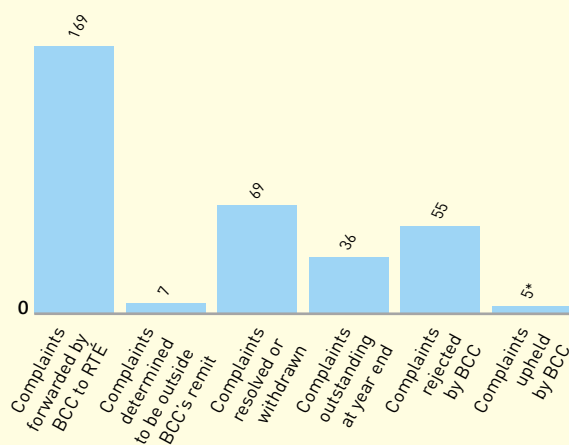
When a member of the public complains about some aspect of RTÉ's output the BCC determines firstly if the complaint falls within their remit. If it believes it does, the complaint is forwarded to RTÉ. RTÉ replies to the BCC who then responds to the complainant. If s/he is satisfied with the RTÉ response the complaint is categorised as withdrawn. If the complainant does not accept the RTÉ reply, the complaint is adjudicated on by the Commission - which either upholds or does not uphold the complaint. Occasionally the BCC agrees, after considering submissions from RTÉ, that a complaint is invalid (usually outside their remit or outside the time limit in which a complaint can be made). The number of complaints increased considerably during 2004, but the number of complaints upheld remained very low.

Number of complaints forwarded by the BCC to RTÉ



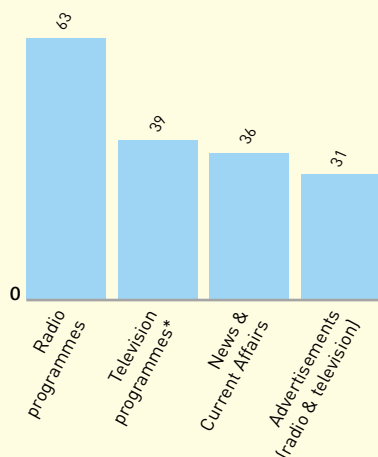
* The increase may be explained by the higher profile adopted by the BCC and audience awareness of a culture of greater accountability and transparency in the public sector in general.

BCC adjudication of complaints about RTÉ output



* Of these five, only two were forwarded to RTÉ in 2004, the other three had been forwarded in 2003 but had not been adjudicated on by the BCC. Two of the complaints upheld referred to the same programme.

BCC complaints categorised in output areas

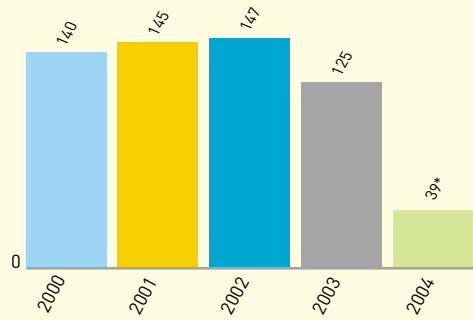


* One programme [The Late Late Show, 22 October 2004] led to 17 complaints.

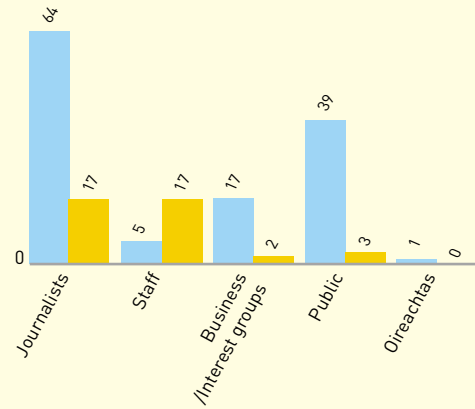
RTÉ and the Freedom of Information Act

2003
2004

Freedom of Information requests to RTÉ



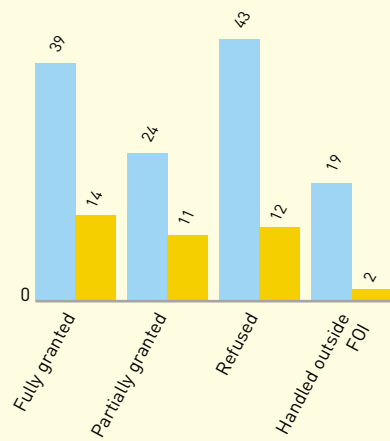
Freedom of Information applicants



* 5 requests defaulted when requesters failed to pay the up-front handling charges, which were introduced in July 2003.

Responses Freedom of Information requests

2003
2004



CONTENTS

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Consolidated balance sheet	63
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Notes forming part of the consolidated financial statements	66
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AUTHORITY MEMBERS' REPORT

The members of the RTÉ Authority present their report together with the audited consolidated financial statements of RTÉ and its subsidiaries, together "the group", for the year ended 31 December 2004.

Principal Activities

RTÉ is Ireland's Public Service Broadcaster offering free-to-air television and radio services to its audience. Through its wholly owned subsidiary, RTÉ Network Transmission Limited, RTÉ provides analogue network transmission and tower facilities to broadcasters and other users. RTÉ also operates the RTÉ National Symphony Orchestra and the RTÉ Concert Orchestra together with other performing groups. In addition, RTÉ publishes the RTÉ Guide, operates a teletext service and provides a range of free web based On-Line services.

Corporate Governance

RTÉ has adopted the **Code of Practice for the Governance of State Bodies** approved by the Government on 2 October 2001 together with the corporate governance and other obligations imposed by the **Ethics in Public Office Act, 1995** and the **Standards in Public Office Act, 2001**.

RTÉ is a statutory corporation established under the **Broadcasting Authority Act 1960** and as a result the provisions of the Combined Code on Corporate Governance (as revised in July 2003), as adopted by the Irish Stock Exchange and the London Stock Exchange are not applicable to RTÉ. However, RTÉ continues to be committed to maintaining high standards of corporate governance and supports the broad principles and provisions of the Combined Code and therefore, where appropriate, has sought to comply with the main provisions of the Code during 2004.

RTÉ Authority

The RTÉ Authority ("the Authority") comprises nine members who are appointed by the Government for a period not exceeding five years and each current member's term of office will terminate on 31 May 2005.

The composition of the Authority after 31 May 2005 is a matter for the Government and changes will be communicated at its discretion. The role of the Authority is to bring independent objective judgement to bear by constructively challenging the Director-General and the Executive Board and helping to develop RTÉ's strategic objectives.

The Authority agrees a schedule of regular meetings to be held in each calendar year and also meets on other occasions when necessary. The Authority has a formal schedule of matters specifically reserved to it for decision at Authority meetings. Authority members, in furtherance of their duties, can take independent professional advice as required at the expense of RTÉ. All Authority members have access to the advice and services of the RTÉ Group Secretary.

All Authority members have complete and timely access to information necessary to enable them to discharge their duties. Authority papers together with other relevant supporting documentation such as monthly financial information and all minutes are distributed to members in sufficient time before Authority meetings.

The roles of the Chairman of the Authority, who is non-executive, and the Director-General are separated.

Anne Doyle is currently an RTÉ employee and was appointed to the Authority following an election by staff. Both Joe Barry, a former employee and Director-General and current Authority Member, and Anne Doyle are members of the RTÉ Superannuation Pension Fund.

The relationship between RTÉ and the Department of Communications, Marine and Natural Resources (the then Department of Posts and Telegraphs) was formally established in 1960.

RTÉ publishes an annual *Statement of Commitments* to viewers and listeners on its output for the year ahead. RTÉ's performance in meeting these commitments is evaluated by the Government as part of the Licence Fee review process.

The Chairman of the Authority and executive management meet with Government officials on a regular basis to discuss operating and financial performance.

Committees and Sub-Committees of the Authority

Committees and sub-committees are established from time to time to assist the Authority in the discharge of its responsibilities. The principal ongoing committees comprise the *Audit Committee*, the *Programme Sub-Committee*, and the *Remuneration and Management Development Sub-Committee*.

The *Audit Committee* comprises three Authority members, all of whom are considered independent, and meets at least four times during each year. The

AUTHORITY MEMBERS' REPORT (Continued)

Committee met nine times during 2004. The Committee reviews and discusses a range of matters with senior executive management, with internal audit staff and with representatives from the external auditors including: internal and external audit programmes, areas of risk assessment and internal control, the internal audit function, external auditors' reports, independence and cost effectiveness and financial reporting and other related matters. The internal and external auditors have full and unrestricted access to the Committee, are invited to attend relevant Committee meetings and the external auditors have an opportunity to meet with members of the Committee alone at least once a year. The Chairman of the Audit Committee reports to the Authority on all significant issues considered by the Committee, and the minutes of its meetings are circulated to all Authority members. The Committee reviews the independence and objectivity of the external auditors, including: seeking confirmation that the external auditors are, in their professional judgement, independent of the group; considering whether, taken as whole, the various relationships between the group and the external auditors impair, or appear to impair, the auditors' judgement or independence. The external auditors, KPMG, have confirmed to the Audit Committee that they continue to operate procedures to safeguard against the possibility that their objectivity and independence could be compromised. During the year the Committee met with the external auditors, KPMG, in relation to the 2003 audit and in preparation for the 2004 audit. The Committee also supervised the tender process for Audit, Taxation and Corporate Finance Services. KPMG were reappointed by the Authority as auditors for the years 2004, 2005 and 2006, with an option at RTÉ's discretion for a further year, as a result of this process. The Committee met regularly with the Internal Audit Department and reviewed their various reports on a wide variety of the financial aspects of RTÉ's activities. The Committee approved the content of a Whistleblowing Policy which was adopted by the Authority. The Committee reviewed the draft operational and capital budgets for 2005 prior to their consideration and adoption by the Authority.

The *Programme Sub-Committee* comprises four Authority members, all of whom are considered independent, and meets at periodic intervals. The Sub-Committee met four times during 2004. This Sub-Committee considers key developments and plans in respect of Television and Radio Programmes and Schedules. At each of its meetings the Sub-Committee meets with the Managing Directors of Radio, Television, and News and Current Affairs, and their senior management colleagues and reviews programme output

and upcoming strategy and plans. During the year the Sub-Committee carried out a detailed review of RTÉ's editorial processes which was later endorsed by the Authority. The Sub-Committee also devoted time to reviewing RTÉ's investment in film. The Chairman of the Programme Sub-Committee is the Authority's representative on the RTÉ Audience Council and she kept the Sub-Committee briefed on the Council's deliberations. In addition a delegation from the RTÉ Audience Council met with the programme Sub-Committee, as detailed elsewhere in this Annual Report.

The *Remuneration and Management Development Sub-Committee* comprises three Authority members, all of whom are considered independent, and is assisted as appropriate by a nominee from the Department of Communications, Marine and Natural Resources. The Sub-Committee met twice during 2004. This Sub-Committee considers all aspects of the remuneration of the Director-General and senior management generally and makes recommendations to the Authority. During the year the Sub-Committee agreed a Performance Related Bonus scheme for the Director-General. The Sub-Committee also reviewed the remuneration of members of the Executive Board and Top Talent Contracts.

Internal Control

The Authority has overall responsibility for the group's systems of internal control and for monitoring their effectiveness. These systems are designed to provide reasonable but not absolute assurance against material misstatement or loss.

The ***Code of Practice for the Governance of State Bodies*** requires the Authority to review the effectiveness of RTÉ's system of internal controls. The scope of this review extends to all controls including financial and operational controls and compliance together with implementation of a risk management framework.

RTÉ has in place a strong control framework which covers all key areas of control. The key components of the system of internal control currently in place are:

- A clearly defined organisation structure, with formally defined authority limits and reporting mechanisms to higher levels of management and to the Authority;
- Established procedures to identify, control and report on key risks;
- Comprehensive budgeting systems, with annual financial budgets approved by the Authority;

- Timely monthly reporting, with actual results reported against budget and considered by the Authority on a monthly basis; and
- Comprehensive policies and procedures relating to operational and financial controls, including capital expenditure. Large capital projects require the approval of the Authority.

The Authority confirms that, through the Audit Committee, it has conducted a review of the effectiveness of the system of internal control up to, and including, the date of approval of the financial statements.

Emoluments of Authority members and Director-General

Authority member ¹	2004 €'000	2003 €'000
Patrick J Wright	19	19
Joe Barry ²	13	13
Anne Doyle ³	13	13
Des Geraghty	13	15
Maura Hayes	13	13
Garry Hynes	13	13
Paddy Marron	13	13
Stephen O'Byrnes	13	13
Mary Peters	13	13
	123	125
Director-General		
Cathal Goan ⁴	296	43
Bob Collins ⁵	-	234
	296	277

- 1: All members of the Authority are non-executive.
- 2: Joe Barry's pension costs are included within the RTÉ Superannuation Fund.
- 3: Anne Doyle's remuneration in her capacity as an employee is included in staff costs.
- 4: From 18 October 2003, the date of his appointment as Director-General.
- 5: To 17 October 2003, the date of his retirement as Director-General, inclusive of salary arrears.

RTÉ complied with the guidelines covering the payment of fees to the Chairpersons and Directors of State Bodies, issued by the Minister for Finance in July 1992.

Other than those noted above, there have been no contracts or arrangements entered into during the financial year in which an Authority member, or director of any subsidiary, was materially interested and which were significant in relation to the group's business.

Going concern

After making appropriate enquiries the Authority members have a reasonable expectation that RTÉ, as a whole, has adequate resources to continue in operational existence for the foreseeable future and for this reason the Authority continues to adopt the going concern basis in preparing the financial statements.

Books and records

The RTÉ Authority members are responsible for ensuring that proper books and accounting records are maintained. The measures in this regard include the use of appropriate systems and procedures, the employment of professionally qualified accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The group's books of account are kept at Donnybrook, Dublin 4, except for those of Seirbhísí Theilifís na Gaeilge Teoranta which are kept at Baile na h'Abhann, Co. na Gaillimhe.

Payment of accounts

The members of the Authority acknowledge their responsibility for ensuring compliance in all material respects with the provisions of the **European Communities (Late Payment in Commercial Transactions) Regulations 2002 ("the Regulations")**. Procedures have been implemented to identify the dates upon which invoices fall due for payment and to ensure that payments are made by such dates. Such procedures provide reasonable assurance against material non-compliance with the Regulations. The payment policy during the year under review was to comply with the requirements of the Regulations.

Group companies

Information relating to subsidiary and associated undertakings is included in note 10 to the financial statements.

Political donations

With reference to the **Electoral Act, 1997**, RTÉ does not make any political donations.

AUTHORITY MEMBERS' REPORT (Continued)

Corporate Social Responsibility

RTÉ's primary responsibility is to meet its audiences' needs through its programmes and services. RTÉ is also committed to acting in the public interest and behaving ethically and with integrity towards all groups with which it interacts including its staff, audiences, suppliers and the wider community. In 2005, management will table its first CSR report for consideration by the Authority.

Employees - RTÉ's policy is to ensure the safety, health and welfare of employees by maintaining a safe place and system of work. This policy, applied throughout 2004, meets the requirements of the **Safety, Health and Welfare at Work Act, 1989**. RTÉ is committed to working in partnership with staff, and their representative organisations, and has to date implemented all the terms of Sustaining Progress. An equal opportunities employer, RTÉ has initiated an expansion of its Human Resource facility with a view to enhancing staff development opportunities, including training, and the performance management programme already introduced at senior level.

Environment - RTÉ's Corporate Environmental Policy was introduced in 2004 in partnership with IBEC and the EPA. An Environmental Steering Committee is in place as is an internal environment website. Objectives and issues addressed by the Policy include compliance with environmental legislation; the need to strive for best practice and promote awareness; continually improve in the appropriate management of property and waste and to ensure procurement activities take environmental considerations into account.

Non-Ionising Radiation - RTÉNL has over 130 transmission sites across the country resulting in the emission of Non-Ionising Radiation; procedures are in place to monitor compliance with the recommended levels. ComReg has confirmed compliance with licence conditions and RTÉNL is also operating within the guidelines of the International Commission on Non-Ionising Radiation Protection (ICNIRP).

On behalf of the Authority

Patrick J. Wright
Chairman

Cathal Goan
Director-General

Paddy Marron
Authority Member and Chairman
of the Audit Committee

22 March 2005

STATEMENT OF AUTHORITY MEMBERS' RESPONSIBILITIES

RTÉ Authority members are required to prepare financial statements, for each financial period, in accordance with broadcasting legislation and applicable Irish accounting standards, which give a true and fair view of the state of affairs of RTÉ and the group and of the surplus or deficit for that period. In preparing these financial statements, the RTÉ Authority members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that RTÉ will continue in business.

The RTÉ Authority members are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of RTÉ and the group and which enable them to ensure that the financial statements comply with broadcasting legislation. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

On behalf of the Authority



Patrick J. Wright
Chairman



Cathal Goan
Director-General



Paddy Marron
Authority Member and Chairman
of the Audit Committee

22 March 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE RTÉ AUTHORITY

We have audited the financial statements on pages 59 to 99.

This report is made solely to the Authority members, as a body. Our audit work has been undertaken so that we might state to the Authority members as a body those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than RTÉ and the Authority members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Authority and auditors

The Authority members are responsible for preparing the Annual Report. As described on page 57, this includes responsibility for preparing the financial statements in accordance with applicable Irish law and accounting standards.

Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board and our profession's ethical guidance.

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 broadcasting legislation. 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 is in agreement with the books of account.

We review, at the request of the Authority, whether the statement on the system of internal control on page 54 reflects the group's compliance with the provision of the **Code of Practice for the Governance of State Bodies** that is specified for review by auditors and we report if those statements do not in fact reflect the group's compliance. We are not required to consider whether the Authority's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the Authority Members' Report and consider whether it is consistent with the audited

financial statements. We consider the implications for our report if we become aware of any apparent misstatements within it.

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 Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 RTÉ and the group as at 31 December 2004 and of the group's surplus and cash flows for the year then ended and have been properly prepared in accordance with broadcasting legislation.

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 is in agreement with the books of account.



Chartered Accountants
Registered Auditors

22 March 2005

STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland. The financial statements are laid out in the form approved by the Minister for Communications, Marine and Natural Resources, after consultation with the Minister for Finance, under broadcasting legislation.

Basis of consolidation

The consolidated financial statements include the financial statements of RTÉ and all of its subsidiaries drawn up to 31 December each year.

Revenue

Revenue, which excludes VAT and transactions between companies in the group, comprises income arising from Licence Fees, advertising sales, sponsorship, the use of the group's facilities and transmission network, circulation and events income, and content, merchandising and related income. Revenue is stated net of any settlement and volume discounts.

Licence Fee revenue

Licence Fee Revenue is collected by An Post and paid over to the Department of Communications, Marine and Natural Resources, net of collection costs and a 5% levy to the Special Broadcasting Fund. With effect from 1 August 2004, transitional arrangements have been entered into whereby Licence Fee Revenue payable by the Department of Social and Family Affairs on behalf of those eligible for "free" Television Licences is paid directly by that Department to the Department of Communications, Marine and Natural Resources. The Department makes a non-repayable "grant-in-aid" to RTÉ in lieu of the net amount collected by An Post, as provided in Section 8 of the *Broadcasting Authority (Amendment) Act, 1976* together with the amounts paid to it by the Department of Social and Family Affairs. Licence Fee income is recognised when the amounts are collected by An Post.

Advertising and sponsorship income

Advertising income is recognised when agreed advertising ratings are delivered, and is stated net of agency commissions. Sponsorship income is recognised at the time of broadcast of the related programme.

Network and facilities income

Network and facilities income arises from the use of, and access to, the group's transmission network and studio facilities provided to third parties. Amounts are recognised as the facilities are made available to third parties.

Circulation and events income

Circulation income arises from the publication and circulation of the RTÉ Guide and is stated net of fees due to the distributor and end-retailer. Revenue is recognised on the basis of net copies sold at the end of the sales cut-off period for each issue.

Events income arises from public events organised by RTÉ Performing Groups. It is recognised as the events are held and amounts fall due.

Content, merchandising and related income

Content, merchandising and related income represents amounts generated from RTÉ content and services provided to third parties through a range of means including the group's Internet Facilities, Aertel Teletext, the external sale of RTÉ content and amounts earned through other commercial services provided by the group. Revenue is recognised as the service is provided or upon delivery of goods to the third party.

Programme expenditure

The costs of in-house productions, rights, commissioned programmes and acquired (non-commissioned) programmes (acquisitions) are all charged to the statement of income and expenditure as incurred.

Pension costs

The group, through the RTÉ Superannuation Pension Fund (Defined Benefit), the RTÉ Defined Contribution Pension Scheme and other schemes, makes pension contributions for a substantial number of employees.

The amount charged to the statement of income and expenditure in respect of the RTÉ Superannuation Pension Fund 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

STATEMENT OF ACCOUNTING POLICIES (Continued)

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. The amounts charged as expenditure for the Defined Contribution and other schemes represent contributions payable by the group for the accounting period in respect of the schemes.

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.

Restructuring costs

The group provides for the full cost of restructuring programmes, even if the restructuring programmes extend beyond the current year. Such amounts may include immediate staff reduction costs, including payments (lump sums) and future payment of a reduced salary until the persons involved qualify for pension entitlements, together with other relevant costs. 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 commenced.

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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised to the extent they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it is regarded as more likely than not that there will be suitable taxable profits against which the future reversal of the underlying timing differences can be offset.

Seirbhísí Theilifís na Gaeilge Teoranta

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

Seirbhísí Theilifís na Gaeilge Teoranta's 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.

Seirbhísí Theilifís na Gaeilge Teoranta's direct operational costs, which comprise significant programming and administrative expenditure, net of advertising and other revenue, are funded in total 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.

Prepaid grant-in-aid originally received from the Exchequer as capital grants in relation to transmission assets are amortised in the income and expenditure account on the same basis as the original assets are being depreciated.

Additional costs are separately incurred and reported by RTÉ in respect of the provision of further support to TG4 in the form of programmes, broadcast network transmission, engineering support and other services to TG4 in accordance with Government broadcasting policy.

Tangible fixed assets

Tangible fixed assets are shown at original cost, net of accumulated depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, except freehold land, at rates calculated to write off the cost, less the 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	10

Capital projects in progress represent the cost of purchasing and installing tangible fixed assets ahead of their commission into use. Depreciation is charged on assets from the date of commissioning.

Financial fixed assets

Financial asset investments are stated at cost less any provision for impairment.

In RTÉ's own balance sheet, interests in subsidiary companies are stated at cost less any provision for impairment.

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. Payments are deducted from the provision as they are made and related interest is charged annually to the statement of income and expenditure.

Marketable securities

Marketable securities comprise cash and cash instruments.

These marketable securities are stated at their market value prevailing at the balance sheet date. Unrealised gains and losses arising on the carrying value of the securities, and any interest receivable reflected in their market value, is 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 1 "Cash flow statements", all deposits classified as 'Cash at bank' in the balance sheet, with the exception of demand deposits, are treated as 'Liquid resources' in the consolidated cash flow statement.

Leases

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

Foreign currency

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.

Related party transactions

The group has availed of the exemptions under Financial Reporting Standard 8 "Related party disclosures" and therefore does not disclose transactions between group undertakings.

CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE

for year ended 31 December 2004

	Note	2004 €'000	2003 €'000
Revenue	1	342,882	312,672
Operating costs before interest, tax, depreciation & amortisation		(315,277)	(291,164)
Operating surplus before interest, tax, depreciation & amortisation		27,605	21,508
Depreciation & amortisation			
Continuing operations	6	(15,672)	(19,486)
Write-down of plant & equipment / fixtures & fittings	2	(8,272)	-
Building impairment charge	2	(10,767)	-
		(7,106)	2,022
Gain on disposal of surplus transmitter site before capital gains tax	3	16,588	-
Surplus before interest & tax		9,482	2,022
Interest receivable and similar income	4	1,160	1,055
Interest payable and similar charges	5	(571)	(816)
Surplus on ordinary activities before taxation	6	10,071	2,261
Tax on surplus on ordinary activities			
Corporation tax on surplus on ordinary activities	8	-	-
Capital gains tax arising on gain on disposal of surplus transmitter site	3	(3,266)	-
Surplus for the year		6,805	2,261
Income & expenditure account at 1 January		76,204	73,943
Income and expenditure account at 31 December		83,009	76,204

All revenues and the surplus on ordinary activities before interest arose from continuing operations.

There are no recognised gains or losses other than those shown above and, accordingly, no statement of total recognised gains and losses is presented.

On behalf of the Authority



Patrick J. Wright
Chairman



Cathal Goan
Director-General



Paddy Marron
Authority Member and Chairman
of the Audit Committee

CONSOLIDATED BALANCE SHEET

at 31 December 2004

	Note	2004 €'000	2003 €'000
Fixed assets			
Tangible assets	9	93,403	118,019
Financial assets	10	1,615	1,615
		95,018	119,634
Current assets			
Debtors	11	56,286	47,088
Marketable securities		59,956	35,349
Cash in hand and at bank		4,180	4,968
		120,422	87,405
Creditors: Amounts falling due within one year	12	(84,419)	(71,962)
Net current assets		36,003	15,443
Total assets less current liabilities		131,021	135,077
Capital grants and grants-in-aid	13	(14,423)	(16,081)
Provisions for liabilities and charges	14	(33,589)	(42,792)
Net assets	1	83,009	76,204
Capital and reserves			
Income and expenditure account		83,009	76,204

On behalf of the Authority



Patrick J. Wright
Chairman



Cathal Goan
Director-General



Paddy Marron
Authority Member and Chairman
of the Audit Committee

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2004

	Note	2004 €'000	2003 €'000
Net cash inflow from operating activities	18 (a)	30,821	24,842
Payments under restructuring programmes	14	(9,773)	(19,535)
Returns on investments and servicing of finance	18 (b)	1,159	1,047
Taxation	18 (b)	(3,266)	-
Capital divestment/(expenditure)	18 (b)	7,022	(10,013)
		25,963	(3,659)
Management of liquid resources	18 (b)	(24,607)	(7,541)
Net increase/(decrease) in cash balances	18 (c)	1,356	(11,200)

On behalf of the Authority



Patrick J. Wright
Chairman



Cathal Goan
Director-General



Paddy Marron
Authority Member and Chairman
of the Audit Committee

RTÉ BALANCE SHEET

at 31 December 2004

	Note	2004 €'000	2003 €'000
Fixed assets			
Tangible assets	9	57,131	76,207
Financial assets	10	51,355	51,355
		108,486	127,562
Current assets			
Debtors	11	48,143	76,441
Marketable securities		59,687	32,389
Cash in hand and at bank		3,226	1,951
		111,056	110,781
Creditors: amounts falling due within one year	12	(120,141)	(133,246)
Net current liabilities		(9,085)	(22,465)
Total assets less current liabilities		99,401	105,097
Provisions for liabilities and charges	14	(33,589)	(42,792)
Net assets		65,812	62,305
Capital and reserves			
Income and expenditure account		65,812	62,305

On behalf of the Authority



Patrick J. Wright
Chairman



Cathal Goan
Director-General



Paddy Marron
Authority Member and Chairman
of the Audit Committee

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1 Principal Activity and Segmental Information

RTÉ is a not-for-profit organisation whose principal public service activity is the broadcast of a comprehensive range of free-to-air television and radio channels and schedules. These services serve all demographic categories in Irish society with a wide variety of output and genres, irrespective of commercial audience attraction, and with specific emphasis on indigenously produced programmes. RTÉ's other public service activities include the operation of the RTÉ National Symphony Orchestra, the RTÉ Concert Orchestra and other performing groups and, within its Publishing division, RTÉ provides extensive, free, web-based On-Line services broadly aimed at Irish audiences.

The annual cost to RTÉ of providing and financing these public service activities is substantially in excess of the amount of public funding received in the form of Licence Fee Revenue. Accordingly RTÉ also engages in ancillary commercial activities, primarily within the Republic of Ireland, to support its public service activities. These include: the sale of advertising and sponsorship, the publication of the RTÉ Guide, the licencing and/or sale of content, programme related merchandising sales, the rental of production facilities and telecoms/text revenue shares. In addition RTÉ Transmission Network Limited (RTÉNL), operates a national analogue broadcast transmission network within the Republic of Ireland which it makes available to both local and national broadcasters, including RTÉ's own services, on an arm's length basis. RTÉNL also rents surplus tower/mast space to a variety of third party non-broadcast users.

RTÉ's operations and management are organised into six Integrated Business Divisions (IBDs): Television, Radio, News and Current Affairs, Performing Groups, Publishing and Network together with a Corporate HQ and Central Shared Services. Network IBD is entirely located within RTÉ's wholly owned and separately managed subsidiary company RTÉ Transmission Network Limited (see above). Corporate HQ consists of general administrative and other activities that arise at the entity level relating to the governance of RTÉ as a Public Service Broadcaster. Central Shared Services encompass activities which are carried out centrally on behalf of the IBDs.

The approach to presenting segment information, adopted in 2004, represents a refinement and development of the methodology and definitions first adopted in 2003 and is based on consistently applied and objectively justified cost-accounting principles. The resulting adjustments implemented reflect changes in the process for the invoicing of inter-company charges by RTÉNL to IBDs and to Seirbhísí Theilifís na Gaeilge Teoranta (STnG). In addition in 2004 only those costs relating to Central Shared Services activities, and therefore incurred centrally on behalf of the IBDs, are reported at IBD, Channel or Service level. The cost of the Corporate HQ together with Interest Charged, Interest Received, Building Impairment Depreciation Charge and Pre-Tax Gains arising on disposal of an asset no

longer required (the Beaumont site) and the related Capital Gains Tax charge, are not allocated to IBDs. An additional set of schedules has been included in 2004 to set out the costs and revenues associated with all of RTÉ's Public Service activities and Non-Public Service activities.

A detailed list of RTÉ's principal activities, together with the IBD in which they are carried out and the Legal Entity in which they are reported, is included in Note 10 to these Financial Statements.

Where necessary comparative figures for 2003 have been restated on the same basis as that adopted in 2004.

Analysis of Revenues and Costs and Surplus/ (Deficit) by IBD

In the schedules set out at 1(a), Commercial Revenues are reported in the IBD where they are earned. With the exception of the News and Current Affairs IBD, the reporting of Licence Fee Revenue within each IBD is a function of the attribution of it to each individual Channel and Service (see below). In the case of the News and Current Affairs IBD all of the costs, with the exception of the value of News output supplied to RTÉ 2fm, are covered by attributed Licence Fee Revenue.

Costs directly incurred by and for an IBD are reported within that IBD. Where costs are incurred as Central Shared Services on behalf of an IBD, or by one IBD on behalf of another, an appropriate full-cost absorption / usage allocation basis, is used to apply a fair and reasonable cost of the inter-divisional services consumed by those IBDs. The allocations are grounded upon consistently applied and objectively justifiable cost-accounting principles. For the purposes of the IBD Segment Analysis the costs of the News and Current Affairs IBD are disclosed separately from Television and Radio.

With effect from January 2004 RTÉNL has invoiced all IBDs on the basis of a published tariff model, inclusive of margin. In 2003 an equivalent network tariff charge was reflected by means of attribution with appropriate eliminations arising on consolidation. As a result, the entirety of 2004 RTÉNL network charges in respect of TG4 are reported within STnG rather than within the category "Support for TG4" as was previously the case. The information presented in respect of the Television and News and Current Affairs IBDs includes costs and charges incurred in relation to RTÉ's statutory obligation to provide programmes to TG4 in accordance with Government policy (see 1(c) below).

Analysis of Revenues and Costs and Surplus/ (Deficit) by Channel, Service & Broadcasting Genre

In the schedules set out at 1(b), Costs and Commercial Revenues are reported within Channels, Services and Broadcasting Genres in a manner that is consistent with the same principles used to report IBD Revenues and Costs.

For the purposes of this Channel, Service and Broadcasting Genre Segment Analysis, News and Current Affairs IBD costs are fully allocated to the relevant Television and Radio Channels on an appropriate usage basis and in accordance with consistently applied, and objectively justified, cost-accounting principles. With the exception of the allocated cost of News output supplied to RTÉ 2fm, all of the costs of the News and Current Affairs IBD are covered by attributed Licence Fee Revenue.

Licence Fee Revenue is simultaneously attributed to those public service Channels and Services that have a limited capacity to generate Commercial Revenue, in their own right, and therefore are of necessity primarily funded by Licence Fee Revenue in order to facilitate continued delivery of the public service. The services at issue comprise: RTÉ Performing Groups, RTÉ Raidió na Gaeltachta, RTÉ lyric fm and the cost of the support provided to TG4.

No Licence Fee Revenue is attributed to RTÉ 2fm as this Public Service Channel generates sufficient commercial revenue to fully cover its costs and to generate a surplus.

The funding of RTÉ Radio 1's costs comprises: RTÉ Radio 1 Advertising and Sponsorship, Surpluses generated by non-channel Radio IBD commercial activities and Surpluses generated by RTÉ 2fm with the balance being made up of an attribution of Licence Fee Revenue consisting of two elements:

- an amount equivalent to the allocated cost of services supplied to RTÉ Radio 1 by the News and Current Affairs IBD
- a balancing contribution (after receipt of all other income) towards the production costs of indigenous programmes broadcast on RTÉ Radio 1.

After deduction of the attributions described above, the remaining Licence Fee Revenue is attributed as a contribution towards the production costs of indigenous programming within RTÉ's two key Public Service Television Channels, RTÉ One and RTÉ Two. The amount attributed to each Channel is computed by reference to the proportionate costs of indigenous programming for each channel. No element of Licence Fee Revenue is attributed to funding the cost of acquired programmes or to the funding of non-programme public service operating costs incurred by the Channels.

Licence Fee Revenue is not directly attributed to: RTÉ Publishing, RTÉ Network, Corporate HQ or to any other non-channel activity or service. Therefore no element of Licence Fee Revenue is attributed to RTÉ's free, web-based On-Line public services which are currently solely financed by surpluses generated from commercial activities within the Publishing IBD.

The residual non-channel and non-service activities are aggregated together under the category "Other" and include RTÉ Network IBD, RTÉ Publishing IBD (excluding "On-line" activities), non-channel activities within RTÉ Television and RTÉ Radio IBDs, together with the applicable consolidation adjustments.

Analysis of Revenues and Costs and Surplus/ (Deficit) by Public Service & Non-Public Service Activity

In the schedules set out at 1(c), the Costs and Revenues of all of the Channels, Services and Broadcasting Genres, set out in the schedules at 1(b), are re-ordered so that the Costs and Revenues associated with RTÉ's various Public Service and Non-Public Service activities are clearly delineated and separated for reporting purposes. As indicated earlier, because the cost to RTÉ of providing the full range of public service activities is substantially in excess of the amount of Licence Fee Revenue, it is unavoidable that a considerable amount of RTÉ's Public Service activity is funded by Commercial Revenue rather than by Public Funding. Free, web based On-Line public services are currently financed entirely by commercial revenues generated from other activities within RTÉ Publishing IBD and therefore attract no attribution of Licence Fee Revenue.

Analysis of TG4 Revenues and Costs and Surplus/ (Deficit)

In 1(d) below, the separate segmental information set out in respect of TG4 reflects both the Revenues and Costs included in the income and expenditure statement of STnaG itself combined with those arising in other parts of RTÉ in relation to the supports provided to TG4. This RTÉ support includes the costs and charges arising in relation to the statutory provision of programmes and other services in accordance with Government policy.

With effect from January 2004, the full tariff in respect of network costs is invoiced directly by RTÉNL to STnaG and forms part of the expenditure of STnaG in 2004; however, in 2003 this expenditure formed part of the support provided by RTÉ. The costs included in the Income and Expenditure Statement of STnaG, net of advertising and other commercial revenue, are primarily funded on a yearly basis by way of grants-in-aid received directly from the Exchequer. In 2004, an additional amount of €1.055 million is financed by way of the amortisation of grants-in-aid previously received. The support costs and charges provided to TG4 from within other parts of RTÉ are funded by attribution of Licence Fee Revenue as referred to earlier.

Analysis of Network charges to all RTÉ services (including TG4)

In 1(e) below, the amounts charged by RTÉ Network to each of the RTÉ services (including TG4) are separately identified.

Analysis of Net Assets by IBD

In 1(f) below, net assets by IBD are stated after the elimination of Inter-Company Assets and Liabilities and any Inter-Company profit resulting from internal transfers. Included in Unallocated Net Liabilities are those Fixed Assets, Net Current Assets and Provisions, which cannot be attributed on a meaningful basis between IBDs, together with the Net Assets of the RTÉ subsidiary company, STnaG which holds the assets associated with TG4.

NOTES (Continued)

1 Principal Activity and Segmental Information (Continued) (a) Segment Information by Integrated Business Division (IBD), in line with RTÉ's organisational structure, year ended 31 December 2004

	Television		Radio		News & Current Affairs		Performing Groups		Network		Publishing		Corporate		Consolidation		Group	
	IBD €'000	IBD €'000	IBD €'000	IBD €'000	IBD €'000	IBD €'000	IBD €'000	IBD €'000	IBD €'000	IBD €'000	IBD €'000	IBD €'000	HQ €'000	Adjustments €'000	Total €'000			
Revenue																		
Advertising Income	106,349	33,614					7					4,616		(442)	144,144			
Sponsorship Income	5,000	1,217					209				553				6,979			
Facilities Income	2,265	222					307								2,794			
Circulation & Event Income	-	-					1,307				5,243				6,550			
Transmission, Mast & Towers Income	-	-					-		21,774					(13,910)	7,864			
Content, Merchandising & Related Sales	3,791	1,561					53				1,847			7,252				
Other Commercial Revenue	-	-					-		164		971		28	(28)	1,135			
Commercial Revenue	117,405	36,614					1,883		21,938		13,230		28	(14,380)	176,718			
Licence Fee Revenue Attribution	86,102	21,376					12,739								166,164			
	203,507	57,990					14,622		21,938		13,230		28	(14,380)	342,882			
Costs By Output Category																		
Programmes Costs - By Source																		
In-House Productions	(84,928)	(47,232)													(179,810)			
Statutory Commissions	(28,619)	-													(28,619)			
Non-statutory Commissions	(22,043)	(99)													(22,337)			
Indigenous Programming	(135,590)	(47,331)													(230,766)			
Acquired Programmes - Ireland	(550)	(4)													(554)			
Acquired Programmes - Overseas	(23,040)	-													(23,040)			
	(159,180)	(47,335)													(254,360)			
General Broadcast & Transmission costs	(18,056)	(635)							(22,420)					2,837	(38,612)			
RTÉNL Transmission & Power charges	(5,503)	(5,488)												10,991	-			
Sales Costs	(7,636)	(1,774)									(1,470)				(10,880)			
Other Operating Costs	(4,756)	(522)					(14,622)				(10,655)		(5,218)	442	(35,331)			
	(195,131)	(55,754)					(14,622)		(22,420)		(12,125)		(5,218)	14,270	(339,183)			
Unallocated Revenues & Costs																		
Building Impairment Charge	-	-											(10,767)		(10,767)			
Net Gain on Disposal of Surplus Site	-	-											13,322		13,322			
Net Interest Receivable	-	-											551		551			
	-	-											3,106		3,106			
NET SURPLUS / (DEFICIT)	8,376	2,236					-		(482)		1,105		(2,084)	(110)	6,805			

(a) Segment Information by Integrated Business Division (IBD), in line with RTÉ's organisational structure, year ended 31 December 2003

	Television		Radio		Current Affairs		Performing Groups		Network		Publishing		Corporate Consolidation		Group Total	
	IBD €'000	IBD €'000	IBD €'000	Affairs IBD €'000	IBD €'000	IBD €'000	IBD €'000	IBD €'000	IBD €'000	IBD €'000	IBD €'000	HQ Adjustments €'000	€'000	€'000	€'000	€'000
Revenue																
Advertising Income	91,078	32,075	-	-	-	-	-	-	-	-	-	-	-	4,576	(528)	127,201
Sponsorship Income	4,683	734	-	-	1	-	-	-	-	-	-	-	-	157	-	5,575
Facilities Income	2,635	173	-	-	109	-	-	-	-	-	-	-	-	-	-	2,917
Circulation and Event Income	-	-	-	-	1,356	-	-	-	-	-	-	-	-	5,531	-	6,887
Transmission, Mast & Towers Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,891)	7,456
Content, Merchandising & Related Sales	2,532	1,287	-	-	18	-	-	-	-	-	-	-	-	1,374	-	5,211
Other Commercial Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Revenue	100,928	34,269	-	-	1,484	-	-	-	-	-	-	-	-	11,638	(13,419)	155,247
Licence Fee Revenue Attribution	80,696	19,814	43,849	-	13,066	-	-	-	-	-	-	-	-	-	-	157,425
	181,624	54,083	43,849	43,849	14,550	14,550	20,347	20,347	11,638	11,638	-	(13,419)	312,672			
Costs By Output Category																
Programmes - By Source																
In-House Productions	(75,058)	(43,828)	(45,615)	-	-	-	-	-	-	-	-	-	-	-	-	(164,501)
Statutory Commissions	(27,732)	-	(90)	-	-	-	-	-	-	-	-	-	-	-	-	(27,732)
Non-Statutory Commissions	(17,471)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(17,561)
Indigenous Programming	(120,261)	(43,828)	(45,705)	-	-	-	-	-	-	-	-	-	-	-	-	(209,794)
Acquired Programmes - Ireland	(344)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(344)
Acquired Programmes - Overseas	(22,408)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,408)
	(143,013)	(43,828)	(45,705)	-	-	-	-	-	-	-	-	-	-	-	-	(232,546)
General Broadcast & Transmission costs	(16,287)	(1,736)	-	-	-	-	(16,751)	-	-	-	-	-	-	-	1,648	(33,126)
RTÉNL Transmission & Power Charges	(7,292)	(4,889)	-	-	-	-	-	-	-	-	-	-	-	-	12,181	-
Sales Costs	(6,673)	(1,589)	-	-	-	-	-	-	-	-	-	-	-	(1,113)	-	(9,375)
Other Operating Costs	(5,081)	(185)	-	-	(14,550)	-	-	-	-	-	-	-	-	(10,314)	528	(35,538)
	(178,346)	(52,227)	(45,705)	(45,705)	(14,550)	(14,550)	(16,751)	(16,751)	(11,427)	(11,427)	(5,936)	14,357	(310,585)			
Unallocated Revenues & Costs																
Building Impairment Charge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Gain on Disposal of Surplus Site	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Interest Receivable	-	-	-	-	-	-	-	-	-	-	174	-	-	-	174	174
	3,278	1,856	(1,856)	(1,856)	-	-	3,596	3,596	211	211	(5,762)	938	2,261			
NET SURPLUS / (DEFICIT)																

1 Principal Activity and Segmental Information (Continued)
 (b) Segment Information by Channel, Service & Broadcasting Genre, year ended 31 December 2004

	RTÉ One	RTÉ Two	RTÉ Radio 1	RTÉ 2 fm	RTÉ lyric fm	RTÉ RnaG	TG4 Support	Performing Groups	Corporate HQ	On Line Services	Other Consolidation Adjustments	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Revenue												
Advertising Income	74,359	31,990	17,956	15,410	248	-	-	7	-	323	4,293	144,144
Sponsorship Income	3,416	1,584	260	884	73	-	-	209	-	282	271	6,979
Facilities Income	-	-	-	42	1	-	-	307	-	-	2,444	2,794
Circulation & Event Income	-	-	-	-	-	-	-	1,307	-	-	5,243	6,550
Transmission, Mast & Towers Income	-	-	-	-	-	-	-	-	-	-	21,774	7,864
Content, Merchandising & Related Sales	-	-	-	1,364	-	-	-	53	-	-	5,835	7,252
Other Income	-	-	-	-	-	-	-	-	28	-	1,135	1,135
Commercial Revenue	77,775	33,574	18,216	17,700	322	-	-	1,883	28	605	40,995	176,718
Licence Fee	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Attribution	75,551	39,688	12,636	-	6,374	10,532	8,644	12,739	-	-	-	166,164
	153,326	73,262	30,852	17,700	6,696	10,532	8,644	14,622	28	605	40,995	342,882
Costs By Output Category												
Programme Costs - By Genre:												
Arts	(785)	-	(2,100)	-	(282)	-	-	-	-	-	-	(3,167)
Education	(850)	(76)	-	(37)	(79)	-	-	-	-	-	-	(1,042)
Religious	(2,554)	(244)	(246)	-	-	(68)	-	-	-	-	-	(3,112)
Other Factual	(20,292)	(165)	(2,018)	-	(211)	(2,453)	(368)	-	-	-	-	(25,507)
Factual	(24,481)	(485)	(4,364)	(37)	(572)	(2,521)	(368)	-	-	-	-	(32,828)
Drama	(30,065)	(4,363)	(895)	-	-	(77)	(381)	-	-	-	-	(35,781)
Entertainment	(16,724)	(4,618)	(177)	-	(104)	(313)	(2,242)	-	-	-	-	(24,178)
Music	(2,243)	(1,852)	(7,545)	(7,040)	(4,747)	(2,164)	-	-	-	-	-	(25,591)
News, Current Affairs & Weather	(30,343)	(2,693)	(15,407)	(3,701)	(331)	(3,742)	(4,944)	-	-	-	-	(61,161)
Sport	(3,993)	(33,724)	(2,578)	(142)	-	(732)	(2)	-	-	-	-	(41,171)
Young Peoples	-	(8,917)	(241)	-	(32)	(159)	(707)	-	-	-	-	(10,056)
Indigenous Programming	(107,849)	(56,652)	(31,207)	(10,920)	(5,786)	(9,708)	(8,644)	-	-	-	-	(230,766)
Acquired Programmes												
- Ireland	(360)	(190)	-	-	(4)	-	-	-	-	-	-	(554)
- Overseas	(12,182)	(10,858)	-	-	-	-	-	-	-	-	-	(23,040)
	(120,391)	(67,700)	(31,207)	(10,920)	(5,790)	(9,708)	(8,644)	-	-	-	-	(254,360)

Programme Costs - By Source:											
In House Production	(69,709)	(45,310)	(31,108)	(10,920)	(5,786)	(9,708)	(7,269)	-	-	-	(179,810)
Statutory Commissions	(24,612)	(4,007)	-	-	-	-	-	-	-	-	(28,619)
Non-statutory Commissions	(13,528)	(7,335)	(99)	-	-	-	(1,375)	-	-	-	(22,337)
Indigenous Programming	(107,849)	(56,652)	(31,207)	(10,920)	(5,786)	(9,708)	(8,644)	-	-	-	(230,766)
Acquired Programmes	(360)	(190)	-	-	(4)	-	-	-	-	-	(554)
- Ireland	(12,182)	(10,858)	-	-	-	-	-	-	-	-	(23,040)
- Overseas	(120,391)	(67,700)	(31,207)	(10,920)	(5,790)	(9,708)	(8,644)	-	-	-	(254,360)
General Broadcast & Transmission Costs	(8,792)	(9,487)	(456)	(202)	(74)	(18)	-	-	-	(22,420)	(38,612)
RTÉNL Transmission & Power Charges	(2,769)	(2,734)	(2,888)	(988)	(806)	(806)	-	-	-	-	10,991
Sales Costs	(5,346)	(2,290)	(943)	(805)	(26)	-	-	(234)	(1,236)	-	(10,880)
Other Operating Costs	-	-	-	(181)	-	-	-	(14,622)	(5,218)	(2,585)	(35,331)
	(137,298)	(82,211)	(35,494)	(13,096)	(6,696)	(10,532)	(8,644)	(14,622)	(5,218)	(2,819)	(339,183)
Unallocated Revenues & Costs											
Building Impairment Charge	-	-	-	-	-	-	-	-	(10,767)	-	(10,767)
Net Gain on Disposal of Surplus Site	-	-	-	-	-	-	-	-	13,322	-	13,322
Net Interest Receivable	-	-	-	-	-	-	-	-	551	-	551
	-	-	-	-	-	-	-	-	3,106	-	3,106
NET SURPLUS / (DEFICIT)	16,028	(8,949)	(4,642)	4,604	-	-	-	-	(2,084)	(2,214)	6,805
										4,172	(110)

1 Principal Activity and Segmental Information (Continued)
 (b) Segment Information by Channel, Service & Broadcasting Genre, year ended 31 December 2003

	RTÉ One €'000	RTÉ Two €'000	RTÉ Radio 1 €'000	RTÉ 2 fm €'000	RTÉ lyric fm €'000	RTÉ RnaG €'000	TG4 Support €'000	Performing Groups €'000	Corporate HQ €'000	On Line Services €'000	Other Adjustments €'000	Consolidation Adjustments €'000	Total €'000
Revenue													
Advertising Income	63,531	27,546	16,698	15,004	373	-	-	-	-	212	4,365	(528)	127,201
Sponsorship Income	3,548	1,135	47	571	116	-	-	1	-	43	114	-	5,575
Facilities Income	-	3	-	-	-	-	-	109	-	-	2,805	-	2,917
Circulation & Event Income	-	-	-	-	-	-	-	1,356	-	-	5,531	-	6,887
Transmission, Mast & Towers Income	-	-	-	-	-	-	-	-	-	-	20,347	(12,891)	7,456
Content, Merchandising & Related Sales	-	-	-	1,248	-	-	-	18	-	-	3,945	-	5,211
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Revenue	67,079	28,684	16,745	16,823	489	-	-	1,484	-	255	37,107	(13,419)	155,247
Licence Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Attribution	70,914	35,471	12,381	-	6,069	9,488	10,036	13,066	-	-	-	-	157,425
	137,993	64,155	29,126	16,823	6,558	9,488	10,036	14,550	-	255	37,107	(13,419)	312,672
Costs By Output Category													
Programme Costs - By Genre:													
Arts	(804)	-	(1,738)	-	(204)	-	-	-	-	-	-	-	(2,746)
Education	(1,137)	-	-	(22)	-	(5)	-	-	-	-	-	-	(1,164)
Religious	(1,890)	(76)	(233)	-	-	(58)	-	-	-	-	-	-	(2,257)
Other Factual	(14,098)	(94)	(1,178)	-	(246)	(1,550)	(323)	-	-	-	-	-	(17,489)
Factual	(17,929)	(170)	(3,149)	(22)	(450)	(1,613)	(323)	-	-	-	-	-	(23,656)
Drama	(26,324)	(7,489)	(670)	-	-	(51)	(80)	-	-	-	-	-	(34,614)
Entertainment	(18,723)	(2,584)	(120)	-	(62)	(52)	(2,512)	-	-	-	-	-	(24,053)
Music	(1,328)	(792)	(6,863)	(6,876)	(4,704)	(2,882)	-	-	-	-	-	-	(23,445)
News, Current Affairs & Weather	(30,133)	(2,352)	(15,691)	(3,285)	(253)	(3,379)	(4,221)	-	-	-	-	-	(59,314)
Sport	(4,240)	(27,096)	(2,681)	(94)	-	(648)	(3)	-	-	-	-	-	(34,762)
Young Peoples	-	(8,876)	(192)	-	-	(72)	(810)	-	-	-	-	-	(9,950)
Indigenous Programming	(98,677)	(49,359)	(29,366)	(10,277)	(5,469)	(8,697)	(7,949)	-	-	-	-	-	(209,794)
Acquired Programmes													
- Ireland	(259)	(85)	-	-	-	-	-	-	-	-	-	-	(344)
- Overseas	(11,890)	(10,518)	-	-	-	-	-	-	-	-	-	-	(22,408)
	(110,826)	(59,962)	(29,366)	(10,277)	(5,469)	(8,697)	(7,949)	-	-	-	-	-	(232,546)

Programme Costs - By Source:										
In-house Production	(67,468)	(36,635)	(29,366)	(10,277)	(5,469)	(8,697)	(6,589)	-	-	(164,501)
Statutory Commissions	(21,953)	(5,779)	-	-	-	-	-	-	-	(27,732)
Non-statutory Commissions	(9,256)	(6,945)	-	-	-	-	(1,360)	-	-	(17,561)
Indigenous Programming	(98,677)	(49,359)	(29,366)	(10,277)	(5,469)	(8,697)	(7,949)	-	-	(209,794)
Acquired Programmes										
- Ireland	(259)	(85)	-	-	-	-	-	-	-	(344)
- Overseas	(11,890)	(10,518)	-	-	-	-	-	-	-	(22,408)
	(110,826)	(59,962)	(29,366)	(10,277)	(5,469)	(8,697)	(7,949)	-	-	(232,546)
General Broadcast & Transmission Costs	(8,381)	(7,890)	(1,052)	(347)	(306)	(31)	(16)	-	-	(33,126)
RTÉNL Transmission & Power Charges	(2,625)	(2,596)	(1,981)	(1,389)	(759)	(760)	(2,071)	-	-	-
Sales Costs	(4,336)	(2,337)	(845)	(720)	(24)	-	-	(189)	(924)	(9,375)
Other Operating Costs	-	-	-	(202)	-	-	-	(14,550)	(2,551)	(35,538)
	(126,168)	(72,785)	(33,244)	(12,935)	(6,558)	(9,488)	(10,036)	(14,550)	(2,740)	(310,585)
Unallocated Revenues & Costs										
Building Impairment Charge	-	-	-	-	-	-	-	-	-	-
Net Gain on Disposal of Surplus Site	-	-	-	-	-	-	-	-	-	-
Net Interest Receivable	-	-	-	-	-	-	-	174	-	174
	-	-	-	-	-	-	-	174	-	174
NET SURPLUS / (DEFICIT)	11,825	(8,630)	(4,118)	3,888	-	(2,485)	(5,762)	6,605	938	2,261

1 Principal Activity and Segmental Information (Continued)
 (c) Analysis of the revenues & costs of RTÉ's Public Service & non-public service activities, year ended 31 December 2004

	RTÉ One €'000	RTÉ Two €'000	RTÉ Radio 1 €'000	RTÉ 2 fm €'000	RTÉ lyric fm €'000	RTÉ RnaG €'000	TG4 Support €'000	Performing Groups €'000	Corporate HQ €'000	On Line Services €'000	Other Adjustments €'000	Consolidation Adjustments €'000	Total €'000
PUBLIC SERVICES ACTIVITIES													
Indigenous Programme Costs													
In-House Production	(69,709)	(45,310)	(31,108)	(10,920)	(5,786)	(9,708)	(7,269)	-	-	-	-	-	(179,810)
Statutory Commissions	(24,612)	(4,007)	-	-	-	-	-	-	-	-	-	-	(28,619)
Non-Statutory Commissions	(13,528)	(7,335)	(99)	-	-	-	(1,375)	-	-	-	-	-	(22,337)
Indigenous Non-Broadcast Output Costs	(107,849)	(56,652)	(31,207)	(10,920)	(5,786)	(9,708)	(8,644)	-	-	-	-	-	(230,766)
Public Funding													
Licence Fee	75,551	39,688	12,636	-	6,374	10,532	8,644	12,739	-	-	-	-	166,164
Revenue Attribution	(32,298)	(16,964)	(18,571)	(10,920)	588	824	-	(1,883)	(5,218)	(2,585)	-	-	(87,027)
Other Public Service Activity Costs By Output Category													
Acquired Programmes													
- Ireland	(360)	(190)	-	-	(4)	-	-	-	-	-	-	-	(554)
- Overseas	(12,182)	(10,858)	-	-	-	-	-	-	-	-	-	-	(23,040)
General Broadcast & Transmission costs	(8,792)	(9,487)	(456)	(202)	(74)	(18)	-	-	-	-	-	-	(19,029)
RTÉNL Transmission & Power charges	(2,769)	(2,734)	(2,888)	(988)	(806)	(806)	-	-	-	-	-	-	(10,991)
	(24,103)	(23,269)	(3,344)	(1,190)	(884)	(824)	-	-	-	-	-	-	(53,614)

Unallocated Revenues & Costs									
Building Impairment Charge	-	-	-	-	-	(10,767)	-	-	(10,767)
Net Gain on Disposal of Surplus Site	-	-	-	-	-	13,322	-	-	13,322
Net Interest Receivable	-	-	-	-	-	551	-	-	551
	-	-	-	-	-	3,106	-	-	3,106
Deficit on Public Service Activities	(56,401)	(40,233)	(21,915)	(12,110)	(296)	(2,112)	(2,585)	-	(137,535)
NON-PUBLIC SERVICE ACTIVITIES									
Commercial Revenue	77,775	33,574	18,216	17,700	322	28	605	40,995	176,718
Non-Public Service Operating Costs									
General Broadcast & Transmission costs	-	-	-	-	-	-	-	(22,420)	2,837
RTÉNL Transmission & Power charges	-	-	-	-	-	-	-	10,991	10,991
Sales Costs	(5,346)	(2,290)	(943)	(805)	(26)	-	(234)	(1,236)	(10,880)
Other Operating Costs	-	-	-	(181)	-	-	-	(13,167)	442
	(5,346)	(2,290)	(943)	(986)	(26)	-	(234)	(36,823)	14,270
Contribution From Non-Public Service Activities	72,429	31,284	17,273	16,714	296	28	371	4,172	144,340
NET SURPLUS / (DEFICIT)	16,028	(8,949)	(4,642)	4,604	-	(2,084)	(2,214)	4,172	6,805

1 Principal Activity and Segmental Information (Continued)
 (c) Analysis of the revenues & costs of RTE's Public Service & non-public service activities, year ended 31st December 2003

	RTÉ One €'000	RTÉ Two €'000	RTÉ Radio 1 €'000	RTÉ 2 fm €'000	RTÉ lyric fm €'000	RTÉ RnaG €'000	TG4 Support €'000	Performing Groups €'000	Corporate HQ €'000	On Line Services €'000	Other €'000	Consolidation Adjustments €'000	Total €'000
PUBLIC SERVICES ACTIVITIES													
Indigenous Programme Costs													
In-House Production	(67,468)	(36,635)	(29,366)	(10,277)	(5,469)	(8,697)	(6,589)	-	-	-	-	-	(164,501)
Statutory Commissions	(21,953)	(5,779)	-	-	-	-	-	-	-	-	-	-	(27,732)
Non-Statutory Commissions	(9,256)	(6,945)	-	-	-	-	(1,360)	-	-	-	-	-	(17,561)
Indigenous Non-Broadcast Output Costs	(98,677)	(49,359)	(29,366)	(10,277)	(5,469)	(8,697)	(7,949)	-	-	-	-	-	(209,794)
	-	-	-	-	-	-	-	(14,550)	(5,936)	(2,551)	-	-	(23,037)
	(98,677)	(49,359)	(29,366)	(10,277)	(5,469)	(8,697)	(7,949)	(14,550)	(5,936)	(2,551)	-	-	(232,831)
Public Funding													
Licence Fee	70,914	35,471	12,381	-	6,069	9,488	10,036	13,066	-	-	-	-	157,425
Revenue Attribution	(27,763)	(13,888)	(16,985)	(10,277)	600	791	2,087	(1,484)	(5,936)	(2,551)	-	-	(75,406)
Other Public Service Activity Costs By Output Category													
Acquired Programmes													
- Ireland	(259)	(85)	-	-	-	-	-	-	-	-	-	-	(344)
- Overseas	(11,890)	(10,518)	-	-	-	-	-	-	-	-	-	-	(22,408)
General Broadcast & Transmission costs	(8,381)	(7,890)	(1,052)	(347)	(306)	(31)	(16)	-	-	-	-	-	(18,023)
RTÉNL Transmission & Power charges	(2,625)	(2,596)	(1,981)	(1,389)	(759)	(760)	(2,071)	-	-	-	-	-	(12,181)
	(23,155)	(21,089)	(3,033)	(1,736)	(1,065)	(791)	(2,087)	-	-	-	-	-	(52,956)

Unallocated Revenues & Costs									
Building Impairment Charge	-	-	-	-	-	-	-	-	-
Net Gain on Disposal of Surplus Site	-	-	-	-	-	-	-	-	-
Net Interest Receivable	-	-	-	-	174	-	-	-	174
	-	-	-	-	174	-	-	-	174
Deficit on Public Service Activities	(50,918)	(34,977)	(20,018)	(12,013)	(465)	-	(1,484)	(2,551)	(128,188)
NON-PUBLIC SERVICE ACTIVITIES									
Commercial Revenue	67,079	28,684	16,745	16,823	489	-	1,484	37,107	155,247
Non-Public Service Operating Costs									
General Broadcast & Transmission costs	-	-	-	-	-	-	-	(16,751)	1,648
RTÉNL Transmission & Power charges	-	-	-	-	-	-	-	-	12,181
Sales Costs	(4,336)	(2,337)	(845)	(720)	(24)	-	-	(924)	12,181
Other Operating Costs	-	-	-	(202)	-	-	-	(12,827)	(9,375)
	(4,336)	(2,337)	(845)	(922)	(24)	-	-	528	(12,501)
Contribution From Non-Public Service Activities	62,743	26,347	15,900	15,901	465	-	1,484	6,605	130,449
NET SURPLUS / (DEFICIT)	11,825	(8,630)	(4,118)	3,888	-	-	-	6,605	2,261

NOTES (Continued)

1 Principal Activity and Segmental Information (Continued)

(d) Segment Information - TG4

	2004 €'000	2003 €'000
Revenue		
Advertising Income	3,466	3,019
Sponsorship Income	263	175
Content, Merchandising & Related Sales	36	32
Commercial Revenue	3,765	3,226
Grant-in-aid	23,292	21,065
Licence Fee Revenue Attribution	8,643	10,036
	35,700	34,327
Costs by output category		
Programme Costs - By Genre		
Arts	(212)	(98)
Education	(75)	-
Other Factual	(2,950)	(3,428)
Factual	(3,237)	(3,526)
Drama	(4,805)	(3,932)
Entertainment	(3,716)	(3,642)
Music	(1,584)	(1,318)
News, Current Affairs & Weather	(5,206)	(4,532)
Sport	(2,552)	(2,224)
Young Peoples	(3,584)	(3,546)
Indigenous Programming	(24,684)	(22,721)
Acquired Programmes - Overseas	(2,030)	(2,337)
	(26,714)	(25,057)
Programme Costs - By Source:		
In House Production	(7,438)	(7,115)
Non-statutory Commissions	(17,246)	(15,605)
Indigenous Programming	(24,684)	(22,720)
Acquired Programmes - Overseas	(2,030)	(2,337)
	(26,714)	(25,057)
General Broadcast & Transmission costs	(5,268)	(5,793)
RTÉNL Transmission & Power Charges	(2,919)	(2,781)
Sales Costs	(799)	(696)
	(35,700)	(34,327)
NET SURPLUS / (DEFICIT)	-	-

(e) Segment Information - RTÉ Network Transmission Limited

	2004 €'000	2003 €'000
Analysis of Network Charges to all RTÉ Services (including TG4)		
RTÉ One	2,769	2,625
RTÉ Two	2,734	2,596
RTÉ Radio 1	2,888	1,981
RTÉ 2 fm	988	1,389
RTÉ lyric fm	806	759
RTÉ Raidió na Gaeltachta	806	760
RTÉ Support provided to TG4 & Seirbhísí Theilifís na Gaeilge Teo.	2,919	2,781
	13,910	12,891
(f) Segmental Net Assets		
	2004 €'000	2003 €'000
Television IBD	32,230	42,541
Radio IBD	12,646	14,691
News & Current Affairs IBD	(515)	1,230
Network IBD	20,387	29,959
Publishing IBD	3,384	3,574
Performing Groups IBD	17	3,428
Unallocated Net Assets	14,860	(19,219)
	83,009	76,204

2 Depreciation and amortisation

The depreciation and amortisation charge for the year includes depreciation charged and amortisation credited in respect of continuing operations together with two further exceptional charges as set out below;

(i) Write-down of plant & equipment / fixtures & fittings

As part of its Capital Expenditure planning process, during the year an extensive review was carried out in respect of the records, existence, condition, obsolescence and utility of all plant & equipment / fixtures & fittings resulting in a non-recurring, non-cash write-down in 2004 amounting to €8.272 million. This is accounted for as an Operating Exceptional Item in the form of an additional depreciation write-down of the respective assets.

(ii) Building impairment charge

At its Donnybrook site, RTÉ occupies a "Built" environment, made up of approximately 47,000 square metres much of it of a specialist nature and of varying age and condition and including also a number of protected structures under the planning regulations. As part of an assessment of its requirements RTÉ engaged a firm of Chartered Surveyors together with a firm of Consulting Engineers to help establish the condition of the fabric of the buildings. Arising from this review a non-cash Building Impairment Charge of €10.767 million has been made in 2004. This is accounted for as an Operating Exceptional Item in the form of additional depreciation in respect of the relevant buildings.

3 Non-operating exceptional items

	2004 €'000	2003 €'000
Disposal of surplus transmitter site		
Proceeds on disposal	18,050	-
Less:		
Site preparation and access costs	(974)	-
Auctioneering and professional fees	(209)	-
Net proceeds on disposal (note 18(b))	16,867	-
Assets at net book value	(279)	-
Gain on disposal before capital gains tax	16,588	-
Capital gains tax (note 8)	(3,266)	-
Net gain on disposal	13,322	-

The gain arose on the disposal of a 4.4 acre site at Collinswood Beaumont, Dublin 9, which had historically served as a medium wave in-fill transmitter site but which was no longer required for that purpose.

NOTES (Continued)

4 Interest receivable and similar income

	2004 €'000	2003 €'000
Interest on demand deposits and marketable securities	952	691
Bank interest receivable	208	364
	1,160	1,055

5 Interest payable and similar charges

	2004 €'000	2003 €'000
On bank loans, overdrafts and other loans repayable within five years, not by installments	1	8
Other finance costs (note 14)	570	808
	571	816

6 Surplus on ordinary activities before taxation

	2004 €'000	2003 €'000
The surplus on ordinary activities before taxation includes the following amounts:		
Depreciation and amortisation		
Continuing operations	17,103	20,751
Amortisation of capital grants (note 13)	(1,431)	(1,265)
	15,672	19,486
Amortisation of prepaid grants-in-aid credited in net operating costs (note 13)	(1,095)	-
Auditors' remuneration, including expenses		
Audit fees	105	105
Other audit services	103	26
Non audit work	445	543
Gain/(loss) on disposal of other fixed assets	31	(673)
Operating lease rentals, principally computer equipment	1,645	1,971

The remuneration of Authority members and the Director-General are set out in the Authority Members' Report on page 55.

In the separate accounts of RTÉ, the surplus for the year amounted to €3,507,000 (2003: surplus €19,939,000).

7 Employee information

	2004 €'000	2003 €'000
Group staff costs during the year amounted to:		
Wages and salaries	104,105	97,980
Social welfare costs	6,634	5,394
Pension costs (note 15)	7,289	7,055
	118,028	110,429

The above figures do not include the direct employee costs of Seirbhísí Theilifís na Gaeilge Teoranta (STnaG), in the amount of €4,033,000 (2003: €3,556,000), which were funded by grants-in-aid received from the Exchequer.

Full-time equivalent (**FTE**) number of employees at 31 December:

	2004	2003
RTÉ group (excluding STnaG)	1,911	1,814
Seirbhísí Theilifís na Gaeilge Teoranta	106	105
	2,017	1,919

Total number of full time and part time employees of the group at 31 December:

	2004	2003
RTÉ group (excluding STnaG)	2,169	2,025
Seirbhísí Theilifís na Gaeilge Teoranta	110	110
	2,279	2,135

Average annual number of full-time and part-time employees during the year:

	2004	2003
RTÉ group (excluding STnaG)	1,873	1,854
Seirbhísí Theilifís na Gaeilge Teoranta	104	102
	1,977	1,956

NOTES (Continued)

8 Tax on surplus on ordinary activities

	2004 €'000	2003 €'000
Corporation tax on surplus on ordinary activities	-	-
Capital gains tax arising on disposal of surplus transmitter site	3,266	-
Current tax charge for the year	3,266	-

No liability to corporation tax arises on group income, principally because Licence Fee income is exempt from taxation. As a result, at 31 December 2004, the group had corporation tax losses forward of €1.55 billion (31 December 2003: €1.42 billion).

A liability to capital gains tax did arise during the year on the disposal of development land. Profits arising on a disposal of development land cannot be offset for tax purposes by any of the losses available to the Group.

As illustrated below, the exemption of Licence Fee income from taxation and the related availability of current year tax losses are the principal reconciling items between the current tax charge on ordinary activities reported in the income and expenditure account and the tax charge that would result from applying the current standard rate of corporation tax to the surplus on ordinary activity before tax.

	2004 €'000	2003 €'000
Surplus on ordinary activities before taxation	10,071	2,261
Surplus on ordinary activities before tax multiplied by the standard rate of corporation tax in Ireland of 12.5% (2003: 12.5%)	1,259	283
<i>Effects of:</i>		
Exempt Licence Fee income	(20,771)	(19,656)
Interest income taxable at 25%	139	132
Utilisation of trading losses arising from exempt Licence Fee income	(278)	(264)
Other differences, including corporation tax losses arising in the year	19,651	19,505
Corporation tax charge for the year	-	-
Capital gains tax	3,266	-
	3,266	-

As the exemption of Licence Fee income from taxation will result in no corporation tax becoming payable for the foreseeable future, no deferred tax assets or liabilities have been recognised.

9 Tangible fixed assets

Group	Land and buildings €'000	Plant and equipment €'000	Fixtures and fittings €'000	Capital projects in progress €'000	Total €'000
Cost					
At beginning of year	74,225	193,487	5,661	-	273,373
Reclassifications	(6,753)	(6,929)	3,401	10,281	-
Additions	1,370	7,503	209	2,264	11,346
Retirements/disposals	(760)	(34,219)	(4,807)	-	(39,786)
At end of year	68,082	159,842	4,464	12,545	244,933
Accumulated depreciation					
At beginning of year	21,757	130,511	3,086	-	155,354
Reclassifications	(1,604)	(441)	1,463	-	(582)
Charge for the year	2,070	14,723	310	-	17,103
Write-down (note 2)	-	5,263	3,009	-	8,272
Building impairment charge (note 2)	10,767	-	-	-	10,767
Retirements/disposals	(509)	(34,069)	(4,806)	-	(39,384)
At end of year	32,481	115,987	3,062	-	151,530
Net book value					
At 31 December 2003	52,468	62,976	2,575	-	118,019
At 31 December 2004	35,601	43,855	1,402	12,545	93,403

Included above are fixed assets with a net book value of €9,012,000 (2003: €9,587,000) in respect of Seirbhís Theilifís na Gaeilge Teoranta.

NOTES (Continued)

9 Tangible fixed assets (Continued)

RTÉ	Land and buildings €'000	Plant and equipment €'000	Fixtures and fittings €'000	Capital projects in progress €'000	Total €'000
Cost					
At beginning of year	59,567	117,508	2,107	-	179,182
Reclassifications	(5,780)	(5,738)	3,183	8,335	-
Inter-group transfers	301	65	-	-	366
Additions	1,094	4,577	194	3,082	8,947
Retirements/disposals	(540)	(30,964)	(4,125)	-	(35,629)
At end of year	54,642	85,448	1,359	11,417	152,866
Accumulated depreciation					
At beginning of year	17,851	84,563	561	-	102,975
Reclassifications	(1,413)	(790)	1,284	-	(919)
Inter-group transfers	51	36	-	-	87
Charge for the year	1,579	9,253	236	-	11,068
Write-down	-	4,579	2,521	-	7,100
Building impairment charge	10,767	-	-	-	10,767
Retirements/disposals	(290)	(30,928)	(4,125)	-	(35,343)
At end of year	28,545	66,713	477	-	95,735
Net book value					
At 31 December 2003	41,716	32,945	1,546	-	76,207
At 31 December 2004	26,097	18,735	882	11,417	57,131

10 Financial assets

	Group 2004 €'000	Group 2003 €'000	RTÉ 2004 €'000	RTÉ 2003 €'000
Shares in subsidiaries, at cost	-	-	51,355	51,355
Investment in Intelsat / New Skies	1,615	1,615	-	-
Unlisted investments	-	-	-	-
	1,615	1,615	51,355	51,355

RTÉ had the following subsidiaries, related companies and other investments at 31 December 2004:

Subsidiary companies	Share capital held	Class of business
RTÉ Commercial Enterprises Limited	100%	Publications and other commercial activities
RTÉ Music Limited	100%	Music publishing
Seirbhísí Theilifís na Gaeilge Teoranta	100%	Operation of TG4
Digital Television Transmission Network	100%	Enhancement of existing analogue network and development of digital transmission services
RTÉ Transmission Network Limited	100%	Management of transmission network assets

All subsidiaries operate in Ireland and have their registered offices at RTÉ, Donnybrook, Dublin 4. RTÉ Music Limited is a wholly owned subsidiary of RTÉ Commercial Enterprises Limited.

Each of the subsidiaries is audited by KPMG, RTÉ's independent auditor.

Related companies	Share capital held	Class of business
Tara Television Limited (in liquidation)	20%	In liquidation
Telegael Teoranta	24.9%	Film production
Other investments		
Intelsat	0.086%	International satellite co-operative
SECEMIE	1.12%	Editing company for the Euronews information/news service

The fair value of the group's investment in Intelsat is shown in note 16. The Authority considers that the carrying value of the group's remaining investments is not less than their fair value.

During the year, RTÉ disposed of its investment in New Skies, which had been carried at nil cost.

As RTÉ does not exercise significant influence over the operating activities of Telegael Teoranta, the investment is accounted for as a financial asset investment.

Tara Television Limited and Telegael Teoranta have their registered offices at 4 Windmill Lane, Dublin 2 and Spiddal, Galway, respectively. The turnover, operating results and net assets of these companies at 31 December 2004, are not considered material to the group.

10 **Financial assets** (Continued)

Classification of RTÉ group activities by integrated business division (IBD) and by legal entity

	RTÉ	RTÉ Commercial Enterprises Limited	RTÉ Music Limited	Seirbhísí Theilifis na Gaeilge Teoranta	Digital Television Transmission	RTÉ Transmission Network Limited
RTÉ TELEVISION IBD						
Free-to-air broadcast of Public Service Television Schedules and Channels	•					
Commissioning & production of indigenous Television programmes	•					
Statutory commissioning of programme content from independent EU producers	•					
Acquisition of domestic / non-domestic Television programmes	•					
Statutory provision of non-news & current affairs programming to TG4	•					
Television Advertising & Sponsorship sales	•					
Hire of television production facilities to 3rd Parties	•					
Provision of broadcast circuits and technical facilities to 3rd parties	•					
Maintenance of Television channel archives & News library	•					
Administration of RTÉ Television IBD	•					
Programme Merchandising sales		•				
Sale of Library and Archive material		•				
Sale of Programme Listings		•				
Television Programme Sales		•				
IVR/SMS Telecoms Revenue Share		•				
Studio Production of Television Advertisements for 3rd Parties		•				
Non-Broadcasting advertising revenue share		•				
RTÉ RADIO IBD						
Free-to-air broadcast of Public Service Radio Schedules / Channels	•					
Commissioning & production of indigenous Radio programmes	•					
Acquisition of domestic / non-domestic Radio programmes	•					
Radio Advertising & Sponsorship sales	•					
Maintenance of Radio channel archive & library	•					
Administration of RTÉ Radio IBD	•					
Hire of Radio production facilities to 3rd. parties		•				
Programme Merchandising sales		•				
Library & Listing sales		•				
IVR/SMS Telecoms Revenue Share		•				
Roadcaster Mobile Studio & Sponsorship Sales		•				
Studio Production of Radio Advertisements		•				
Non-Broadcasting advertising revenue share		•				
RTÉ NEWS & CURRENT AFFAIRS IBD						
Provision of a national and international news gathering service	•					
Production and coverage of television & radio news bulletins, events and programmes	•					
Commissioning & production of current affairs programmes	•					
Statutory provision of News & Current Affairs programming to TG4	•					
Administration of RTÉ News & Current Affairs IBD	•					

	RTÉ	RTÉ Commercial Enterprises Limited	RTÉ Music Limited	Seirbhísí Theilifís na Gaeilge Teoranta	Digital Television Transmission	RTÉ Transmission Network Limited
RTÉ PERFORMING GROUPS IBD						
Orchestral & Choir Performances	•					
Commission, production, performance & recording of Orchestral & Choir music	•					
Hire of Symphony & Concert orchestras	•					
Administration of RTÉ Performing Groups IBD	•					
RTÉ NETWORK IBD						
Provision of national analogue radio and television broadcast transmission services						•
Hire of ancillary mast and tower facilities						•
Administration of RTÉ Network IBD						•
RTÉ PUBLISHING IBD			•			
Sale of music copyright.			•			
Origination and Re-purposing of news & other broadcast material in digital format		•				
Provision of Aertel Teletext services		•				
Provision of On-Line web services		•				
Sale of On-Line banner advertising & sponsorship		•				
Sale of Teletext advertising and sponsorship		•				
IVR/SMS Revenue		•				
Production and publication of the RTÉ Guide magazine		•				
RTÉ Guide Advertising sales		•				
Incubation & development of new media technologies		•				
Administration of RTÉ Publishing IBD		•				
CENTRALLY INCURRED SHARED SERVICES						
Group Communications, Central HR, Group Legal, Group Treasury, Central IT Support, Donnybrook Site Services, Group Insurance & Group Pensions	•					
CORPORATE HQ						
Direction & overall operation of Public Service Broadcaster	•					
Holding of investments in broadcasting related activities	•					
TG 4						
Free-to-air broadcast of Television Schedule and Irish Language Channel						•
Commissioning & production of indigenous Television programmes						•
Acquisition of domestic / non-domestic Television programmes						•
Television Advertising & Sponsorship sales						•
Maintenance of Television channel archive						•
Administration of TG4						•

NOTES (Continued)

11 Debtors

	Group 2004 €'000	Group 2003 €'000	RTÉ 2004 €'000	RTÉ 2003 €'000
Amounts falling due within one year:				
Trade debtors	49,996	40,148	42,189	34,468
Prepayments and accrued income	3,568	3,628	1,625	1,795
Amounts owed by subsidiary companies	-	-	1,685	36,969
Other debtors	397	664	319	561
	53,961	44,440	45,818	73,793
Amounts falling due after one year:				
Other debtors	2,325	2,648	2,325	2,648
	56,286	47,088	48,143	76,441

12 Creditors: amounts falling due within one year

	Group 2004 €'000	Group 2003 €'000	RTÉ 2004 €'000	RTÉ 2003 €'000
Bank overdrafts	907	3,051	657	2,999
Trade creditors	10,702	7,063	8,670	6,159
Amounts owed to subsidiary companies	-	-	49,030	68,399
Accruals and deferred income	64,429	54,200	54,093	48,273
Taxation and social welfare (a)	8,381	7,648	7,691	7,416
	84,419	71,962	120,141	133,246

(a) Taxation and social welfare creditors include:

PAYE	2,021	2,360	2,004	2,338
PRSI	953	996	940	984
Value added tax	5,297	4,267	4,640	4,074
Other taxes	110	25	107	20
	8,381	7,648	7,691	7,416

13 Capital grants and grants-in-aid

	2004 €'000	2003 €'000
(a) Capital grants - received and receivable		
At beginning of year	16,028	29,580
Grants received during the year	868	845
Reclassified as grants-in-aid	-	(14,397)
At end of year	16,896	16,028
Amortisation		
At beginning of year	7,440	13,079
Amortised during the year	1,431	1,265
Reclassified as grants-in-aid	-	(6,904)
At end of year	8,871	7,440
Total capital grants	8,025	8,588
(b) Prepaid grants-in-aid - received		
At beginning of year	14,397	-
Reclassified from capital grants	-	14,397
At end of year	14,397	14,397
Amortisation		
At beginning of year	6,904	-
Amortised during the year	1,095	-
Reclassified from capital grants	-	6,904
At end of year	7,999	6,904
Total prepaid grants-in-aid	6,398	7,493
Capital grants and grants-in-aid	14,423	16,081

Capital grants are non-repayable Exchequer advances and represent Government funding received in relation to the capital expenditure in respect of TG4 and incurred by Seirbhísi Theilifís na Gaeilge Teoranta. These grant amounts are amortised on the same basis as the related assets are depreciated.

Prepaid grants-in-aid comprise amounts previously classified as capital grants in respect of network transmission assets but which were reclassified as grants-in-aid in the prior year, following disposal of these assets to RTÉ Transmission Network Limited. Prepaid grants-in-aid are amortised on the same basis as the related assets are depreciated.

NOTES (Continued)

14 Provisions for liabilities and charges – restructuring costs

	2004 €'000	2003 €'000
At beginning of year	42,792	64,323
Amounts reclassified to current liabilities (a)	-	(2,804)
Utilised during the year	(9,773)	(19,535)
Interest charge (note 5)	570	808
At end of year	33,589	42,792

(a) Certain specific personnel related accruals of €2,804,000, previously included in provisions, were reclassified within accruals and deferred income in the prior year.

The provision for restructuring costs at 31 December 2004 represents the Authority's best estimate of the level of provisions required in respect of the group's remaining obligations under the various restructuring schemes. The greater portion of the provision for restructuring costs is expected to be utilised within the next five years.

15 Pension arrangements

The group is the principal employer associated with the operation of the RTÉ Superannuation Scheme, the RTÉ Defined Contribution Pension Scheme, the Teilifís na Gaeilge Pension Plan (Defined Contribution) and also makes contributions to a number of other smaller defined contribution pension schemes on behalf of employees. The RTÉ Superannuation Scheme is a Defined Benefit Pension Scheme to which no new employees have been admitted since 1988.

Regular Long-Term Funding Actuarial Valuations are carried out in respect of the RTÉ Superannuation Scheme. An actuarial report, based on valuations as at 1 January 2005, was completed subsequent to the year end by the actuaries, Mercer Human Resource Consulting, who are neither officers nor employees of the group. This valuation disclosed the RTÉ Superannuation Scheme to have a surplus of assets over liabilities in respect of past service of €31.1 million (2003: €41.3 million) and used the "Attained Age" Method of valuation to compute future service liabilities including 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, on average, earn a long-term, real, rate of investment return of 2% per annum over general salary inflation for members. The market value of the assets of the scheme as at 1 January 2005 was €798.3 million (1 January 2004 €741.05 million) and the level of funding exceeded 100% at the valuation date. The Long-Term Funding Actuarial Report is not available for public inspection; however, the results of valuations are advised to members.

The employer pension contributions charged for the year for the RTÉ Superannuation Scheme, RTÉ Defined Contribution Pension Scheme, the Teilifís na Gaeilge Pension Plan and other schemes were €2.8 million, €3.7 million, €0.1 million and €0.4 million respectively (2003: €3.3 million, €3.0 million, €0.1 million and €0.2 million respectively). There is no significant difference between the accumulated pension cost and the amounts paid to the schemes at 31 December 2004.

Transitional disclosures

Additional disclosures regarding the group's Defined Benefit pension scheme are required under the transitional provisions of Financial Reporting Standard 17 "Retirement benefits" (FRS 17) and these are set out below. The disclosures relate to the third year of the transitional provisions. They provide information which will be necessary for full implementation of FRS 17 in the year ending 31 December 2005.

For the purposes of complying with the requirements of FRS 17, the actuaries, Mercer Human Resource Consulting, are mandated to use the methodology specified in FRS 17 to determine the fund position. This methodology is markedly different to the actuarially determined methodology used in arriving at the Long Term Funding Valuation referred to above. The FRS 17 approach uses the Projected Unit method to derive annual future pension charges, values assets at current fair market value and discounts future liabilities to arrive at a net present value using current Bond rates of appropriate duration without regard to either the asset profile of the fund or to the expected gap between investment returns and increases in salaries and pensions in payment.

The major assumptions used for the purposes of the FRS 17 market based Actuarial Valuation were:

Valuation method	2004 Projected unit	2003 Projected unit	2002 Projected unit
Rate of increase in salaries	3.30%	3.50%	3.75%
Rate of increase in pensions in payment	3.30%	3.50%	3.75%
Discount rate	4.75%	5.50%	5.75%
Inflation assumption	2.00%	2.00%	2.00%

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:

	2004 Long term rate of return expected	2004 Fair Value €'000	2003 Long term rate of return expected	2003 Fair Value €'000	2002 Long term rate of return expected	2002 Fair Value €'000
Equities	7.3%	578,759	8.00%	533,556	8.50%	445,185
Bonds	3.8%	118,403	4.75%	123,014	4.75%	141,865
Property	5.3%	73,043	7.00%	69,659	7.00%	75,661
Other	2.0%	28,099	3.00%	14,821	3.00%	12,835
Total fair value of assets		798,304		741,050		675,546
Actuarial value of the liability		(795,087)		(689,504)		(670,067)
Surplus in scheme		3,217		51,546		5,479
Net pension asset recognised		3,217		51,546		5,479

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 may be limited as, since no new employees have been admitted to the scheme since 1988, 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. No related deferred tax liability is expected to arise due to the group's accumulated historic corporate tax losses.

The contribution rate for the year ended 31 December 2004 was 8% of pensionable earnings (2003: 8%).

NOTES (Continued)

15 Pension arrangements (Continued)

Had Financial Reporting Standard 17 been reflected in full in the consolidated financial statements, the following are the amounts that would have been included in the statement of income and expenditure and a statement of total recognised gains and losses for the year ended 31 December 2004:

	2004 €'000	2003 €'000	
Included in payroll costs:			
Current service costs	7,088	6,416	
Past service costs	1,165	7,381	
Net operating charge	8,253	13,797	
Included in finance costs:			
Interest cost on scheme liabilities	(37,691)	(38,471)	
Expected return on scheme assets	53,421	49,865	
Net return	15,730	11,394	
Actuarial gain/(loss) included in statement of total recognised gains and losses:			
Difference between expected and actual return on assets	15,597	26,291	
Experience loss arising on scheme liabilities	(3,977)	8,388	
Effect of changes in actuarial assumptions	(71,163)	8,627	
Net actuarial gain/(loss) included in statement of total recognised gains and losses	(59,543)	43,306	
History of actuarial gains and losses			
	2004 €'000	2003 €'000	2002 €'000
Difference between expected and actual return on assets	(15,597)	26,291	(231,273)
Expressed as a percentage of scheme assets	(2.0%)	3.5%	34.2%
Experience (loss)/gain arising on scheme liabilities	(3,977)	8,388	(4,078)
Expressed as a percentage of scheme liabilities	(0.5%)	1.2%	(0.6%)
Total actuarial gains and losses	(59,543)	43,306	(183,775)
Expressed as a percentage of scheme liabilities	(7.5%)	6.3%	(27.4%)

15 Pension arrangements (Continued)

The movement in the pension surplus during the year was as follows:

	2004	2003
	€'000	€'000
Pension surplus		
Surplus in the scheme at beginning of year	51,546	5,479
Movement in the year:		
Current service costs	(7,088)	(6,416)
Past service costs	(1,165)	(7,381)
Total contributions	3,737	5,164
Other finance income	15,730	11,394
Actuarial gain/(loss)	(59,543)	43,306
Surplus in the scheme at end of year	3,217	51,546

The impact on net assets and the income and expenditure account would have been as follows:

	2004	2003
	€'000	€'000
Net assets		
Net assets per balance sheet	83,009	76,204
Net pension asset	3,217	51,546
Net assets including pension asset	86,226	127,750
Reserves		
Income and expenditure account excluding pension asset	83,009	76,204
Pension reserve	3,217	51,546
Income and expenditure account including pension asset	86,226	127,750

NOTES (Continued)

16 Treasury information

The group has taken advantage of the exemption provided by Financial Reporting Standard 13 and has not included short term debtors and creditors within notes (a) and (c) below.

(a) Interest rate risk profile of financial assets and liabilities

The group's financial assets, as defined by Financial Reporting Standard 13, comprise:

	2004 €'000	2003 €'000
Financial asset investments	1,615	1,615
Marketable securities	59,956	35,349
Cash in hand and at bank	4,180	4,968
	65,751	41,932

After taking account of forward currency contracts, the interest rate profile of these financial assets was as follows:

31 December 2004:	Floating rate financial assets €'000	Fixed rate financial assets €'000	Equity shares €'000	Total €'000
Currency				
Euro	64,024	-	-	64,024
US dollar	30	-	1,615	1,645
Sterling	82	-	-	82
Other	-	-	-	-
Total	64,136	-	1,615	65,751
31 December 2003:	Floating rate financial assets €'000	Fixed rate financial assets €'000	Equity shares €'000	Total €'000
Currency				
Euro	40,108	-	-	40,108
US dollar	138	-	1,615	1,753
Sterling	71	-	-	71
Other	-	-	-	-
Total	40,317	-	1,615	41,932

The floating rate financial assets comprise cash and marketable securities that bear interest at commercial rates.

16 Treasury information (Continued)

The Group's financial liabilities, as defined by Financial Reporting Standard 13, comprise:

	Notes	2004 €'000	2003 €'000
Bank overdrafts	12	907	3,051
Provision for restructuring costs	14	33,589	42,792
Total		34,496	45,843

After taking account of forward currency contracts, the interest rate profile of these financial liabilities was as follows:

31 December 2004:	Floating rate financial liabilities €'000	Fixed rate financial liabilities €'000	Financial liabilities on which no interest is paid €'000	Total €'000
Currency				
Euro	907	-	33,589	34,496
US dollar	-	-	-	-
Sterling	-	-	-	-
Other	-	-	-	-
Total	907	-	33,589	34,496

31 December 2003:	Floating rate financial liabilities €'000	Fixed rate financial liabilities €'000	Financial liabilities on which no interest is paid €'000	Total €'000
Currency				
Euro	1,741	-	43,284	45,025
US dollar	-	-	-	-
Sterling	666	-	152	818
Other	-	-	-	-
Total	2,407	-	43,436	45,843

The floating rate financial liabilities comprise bank overdrafts that bear interest at commercial rates. No external interest is payable on the provision for restructuring costs, although in line with the group accounting policy, notional interest relating to the provision is charged annually to the statement of income and expenditure.

NOTES (Continued)

16 Treasury information (Continued)

(b) Maturity of financial liabilities

The maturity profile of the group's financial liabilities, other than short term creditors such as trade creditors and accruals, at 31 December was as follows:

	2004 €'000	2003 €'000
In one year or less or on demand	8,810	12,254
In more than one year but not more than two years	6,131	7,903
In more than two years but not more than five years	12,145	15,368
In more than five years	7,410	10,318
	34,496	45,843

(c) Fair value of financial assets and financial liabilities

Set out below is a comparison, by category, of book values and fair values of all the group's financial assets and liabilities as at 31st December:

	2004 Book value €'000	2004 Fair value €'000	2003 Book value €'000	2003 Fair value €'000
Primary financial instruments held or issued to finance the group's operations:				
Financial asset investments (note 10)	1,615	1,963	1,615	1,733
Marketable securities	59,956	59,956	35,349	35,349
Cash in hand and at bank	4,180	4,180	4,968	4,968
Bank overdrafts (note 12)	(907)	(907)	(3,051)	(3,051)
Provision for restructuring costs (note 14)	(33,589)	(33,589)	(42,792)	(42,792)
	31,255	31,603	(3,911)	(3,793)
Derivative financial instruments held to hedge the currency exposure on expenditure				
Forward currency contracts	(455)	(513)	(250)	(1,120)

As a result of their short maturity there is no material difference between the book and fair value of cash at bank and in hand, marketable securities and bank overdrafts. The fair values of all other items are their market values, where appropriate, or have been calculated by discounting future cash flows at prevailing interest rates.

(d) Gains and losses on hedging contracts

Due to the nature of certain aspects of its business, in particular acquired television programmes and rights from overseas, 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. At 31 December 2004, the group was committed to purchasing US\$6.75 million and GBP€3.55 million (a total of €10 million at 31 December 2004 exchange rates) at specified rates at various dates in 2005.

A net unrealised loss of €58,000 arising on hedging instruments at 31 December 2004 (i.e mark-to-market at that date) is currently expected to be recognised in 2005. Net unrealised losses of €870,000 arising on hedging instruments at 31 December 2003 were all recognised in 2004.

17 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 similar disputes. While it is not practicable to quantify accurately the potential liabilities under these various actions, the Authority is satisfied that it has made reasonable provision, in the financial statements for the likely outcomes of these actions.

(b) Capital commitments

	Group 2004 €'000	Group 2003 €'000	RTÉ 2004 €'000	RTÉ 2003 €'000
Contracted but not provided for	11	277	-	277
Authorised but not contracted for	1,930	3,177	1,671	3,177
	1,941	3,454	1,671	3,454

(c) Programme / rights purchase commitments

	Group 2004 €'000	Group 2003 €'000	RTÉ 2004 €'000	RTÉ 2003 €'000
Contracted but not provided for	38,484	52,158	27,866	39,674

(d) Operating lease commitments

The group and RTÉ have operating lease commitments payable, principally in respect of computer equipment, during the years ended 31 December 2005 and 31 December 2004 as follows:

	2004 €'000	2003 €'000
Payable on leases in which the commitment expires:		
Within one year	-	1,284
Within two to five years	327	154
	327	1,438

NOTES (Continued)

18 Notes to the consolidated cash flow statement

(a) Reconciliation of operating surplus to net cash inflow from operating activities

	2004 €'000	2003 €'000
Operating surplus before interest, tax, depreciation & amortisation	27,605	21,508
(Profit)/loss on disposal of tangible fixed assets	(31)	673
Prepaid grants-in-aid	(1,095)	-
Increase in debtors	(9,198)	(5,852)
Increase in creditors	13,540	8,513
Net cash inflow from operating activities	<u>30,821</u>	<u>24,842</u>

(b) Gross cash flows

Returns on investments and servicing of finance

Interest received	1,160	1,055
Interest paid	(1)	(8)
	<u>1,159</u>	<u>1,047</u>

Taxation

Capital gains tax paid on gain on disposal of surplus transmitter site (note 3)	(3,266)	-
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Capital divestment/(expenditure)

Payments to acquire tangible fixed assets	(10,868)	(11,130)
Capital grants received	868	845
Net proceeds from the disposal of surplus transmitter site (note 3)	16,867	-
Receipts from sales of other tangible fixed assets	155	272
	<u>7,022</u>	<u>(10,013)</u>

Management of liquid resources

Purchase of marketable securities and movement in bank deposits	(24,607)	(7,541)
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18 Notes to the consolidated cash flow statement (Continued)

(c) Analysis of changes in net funds

	2004 €'000	2003 €'000	Cash Flow €'000
Cash at bank	4,180	4,968	(788)
Bank overdraft	(907)	(3,051)	2,144
	3,273	1,917	1,356
Liquid resources – Marketable securities	59,956	35,349	24,607
	63,229	37,266	25,963

(d) Reconciliation of net cash flow to movement in net funds

	2004 €'000	2003 €'000
Increase / (decrease) in cash	1,356	(11,200)
Increase in liquid resources	24,607	7,541
	25,963	(3,659)
Increase / (decrease) in net funds	25,963	(3,659)
Net funds, at beginning of year	37,266	40,925
	63,229	37,266

19 Related party transactions

RTÉ is a statutory corporation, established under the **Broadcasting Authority Act, 1960**. The members of the RTÉ Authority are appointed by the Minister for Communications, Marine and Natural Resources.

The group provides advertising and other similar services, and purchases goods and services, in the ordinary course of its business to/from Government departments and to entities controlled by the Irish Government. An Post collects the Licence Fee on behalf of the Department of Communications, Marine and Natural Resources.

20 Comparative information

Certain comparative information has been reclassified for consistency with the current year information.

21 Approval of financial statements

The members of the Authority approved the financial statements on 22 March 2005.

FINANCIAL HISTORY

	2004 €'000	2003 €'000	2002 €'000	2001 €'000	2000 €'000
INCOME & EXPENDITURE					
Licence Fee revenue	166,164	157,425	114,051	94,940	84,415
Commercial revenue	176,718	155,247	157,947	158,680	175,274
Total revenue	342,882	312,672	271,998	253,620	259,689
Operating Costs	(315,277)	(291,164)	(276,081)	(282,082)	(265,512)
O.S.B.I.T.D.A.	27,605	21,508	(4,083)	(28,462)	(5,823)
Depreciation & amortisation	(15,672)	(19,486)	(17,795)	(17,720)	(15,859)
Write down of fixed assets	(8,272)	-	-	-	-
Building impairment charge	(10,767)	-	-	-	-
Profit on disposal of fixed asset	16,588	-	-	-	-
Restructuring costs	-	-	(35,368)	(30,896)	-
S.B.I.T.	9,482	2,022	(57,246)	(77,078)	(21,682)
Income from financial assets	-	-	-	287	429
Interest receivable	1,160	1,055	1,706	6,430	7,713
Interest payable	(571)	(816)	(482)	(536)	(644)
SURPLUS / (DEFICIT) BEFORE TAX	10,071	2,261	(56,022)	(70,897)	(14,184)
Tax	(3,266)	-	-	-	(76)
SURPLUS / (DEFICIT) FOR THE YEAR	6,805	2,261	(56,022)	(70,897)	(14,260)
Income and expenditure account at 1 Jan.	76,204	73,943	129,965	200,862	215,122
Income and expenditure account at 31 Dec.	83,009	76,204	73,943	129,965	200,862
BALANCE SHEET					
Tangible assets	93,403	118,019	127,455	134,485	127,195
Intangible assets	-	-	-	756	-
Financial assets	1,615	1,615	1,615	2,284	2,436
Net current assets	36,003	15,443	25,697	66,173	133,524
Total assets less current liabilities	131,021	135,077	154,767	203,698	263,155
Capital grants	(14,423)	(16,081)	(16,501)	(15,829)	(14,814)
Provisions for liabilities and charges	(33,589)	(42,792)	(64,323)	(57,904)	(47,479)
Net Assets as at 31 December	83,009	76,204	73,943	129,965	200,862
CASH FLOW					
Net Cash Flows from operating activities	30,821	24,842	(5,180)	(30,673)	(790)
Repayments - restructuring programmes	(9,773)	(19,535)	(22,166)	(18,872)	(13,283)
Returns on investment	1,159	1,047	1,460	6,331	8,271
Taxation	(3,266)	-	-	(76)	-
Capital divestment/(expenditure)	7,022	(10,013)	(11,001)	(28,053)	53,477
Net funds at 1 January	37,266	40,925	77,812	149,155	101,480
Net Funds at 31 December	63,229	37,266	40,925	77,812	149,155
EMPLOYEE HEADCOUNT					
	Number	Number	Number	Number	Number
Establishment before regularisations	1,856	1,712	1,692	2,001	2,089
Contractors now engaged as staff	313	313	55	-	-
Retrospective estimate of staff previously engaged as contractors	-	-	258	313	313
RTÉ (excluding TG4)	2,169	2,025	2,005	2,314	2,402
TG4	110	110	103	96	83
Total at 31 December	2,279	2,135	2,108	2,410	2,485