



**RTÉ**

RADIO TELEFÍS ÉIREANN ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS 2005

# RTÉ'S VISION IS TO GROW THE TRUST OF THE PEOPLE OF IRELAND AS IT INFORMS, INSPIRES, REFLECTS AND ENRICHES THEIR LIVES.

RTÉ's mission is to:

- Nurture and reflect the cultural and regional diversity of all the people of Ireland
- Provide distinctive programming and services of the highest quality and ambition, with the emphasis on home production
- Inform the Irish public by delivering the best comprehensive independent news service possible
- Enable national participation in all events

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Radio Telefís Éireann Authority  
Forty-fifth Annual Report and Group Financial Statements for the 12 months ended 31 December 2005, presented to the Minister for Communications, Marine and Natural Resources pursuant to sections 25 and 26 of the *Broadcasting Authority Act, 1960*.

“2005 was a year of exceptional output and record sales performance for RTÉ in an increasingly competitive broadcast environment”

Cathal Goan, Director-General

**€170.1m** Licence revenue, an increase of 2.4%

**€199.8m** Commercial revenue, an increase of 13.0%

**€9.3m** Net surplus (pre FRS 17), an increase of 36.4%

## Television

97 of the 100 most watched programmes in 2005 were on RTÉ Television

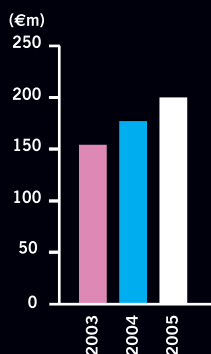
## Radio

RTÉ Radio has 18 out of 20 of the most listened to national radio programmes

## News

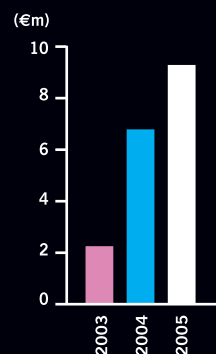
Over one million viewers watched\* either RTÉ's *Six One* or *Nine O'Clock News* daily during 2005

**Commercial revenue**



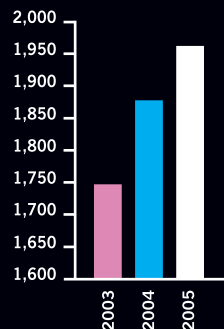
**Net surplus**

(on a pre FRS 17 basis)



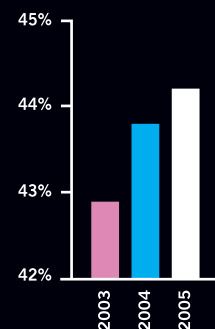
**RTÉ TV indigenous programming hours**

(broadcast in peak time)

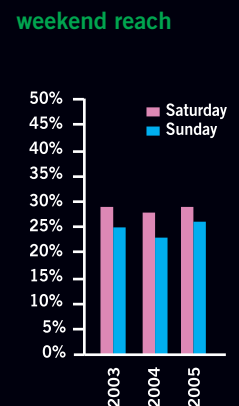


**Total RTÉ TV audience share**

(peak time)



**Total RTÉ Radio weekend reach**



\* Based on 1+ minute daily cumulative reach.

## WHAT WE DO

RTÉ is Ireland's Public Service Broadcaster. It is the distinctive leader in Irish media, providing comprehensive and cost-effective free to air television and radio services to the Irish public, in Irish and English, which are of the highest quality and are impartial in accordance with RTÉ's statutory obligations. These services include:

### RADIO

RTÉ operates four radio stations.

#### RTÉ RADIO 1

RTÉ Radio 1, which has news, information, feature strands, debate and sport as its mainstays.

#### RTÉ 2fm

RTÉ 2fm, the national leader in talk and popular music for the under-35s.

#### RTÉ lyric fm

RTÉ lyric fm, which is a classical music and arts channel.

#### RTÉ RAIDÍO NA GAELTACHTA

RTÉ Raidió na Gaeltachta, which delivers an Irish language service, broadly similar in content to RTÉ Radio 1, with special attention paid to traditional music, local news and the issues of the day in the various Gaeltacht communities.

### TELEVISION

RTÉ operates two complementary free-to-air television channels, RTÉ One and RTÉ Two.

#### RTÉ ONE

RTÉ One is the Irish public service home of authoritative television news and current affairs coverage of national and international stories, alongside a comprehensive range of commissioned Irish factual, entertainment, drama and lifestyle programming, complemented by select acquired material, to suit a broad audience.

#### RTÉ TWO

RTÉ Two is a mixed-genre channel designed to appeal to niche audiences across the schedule. The home of *The Den* for younger viewers and RTÉ Sport during daytime, the channel targets viewers of a younger mindset with innovative drama, such as *Pure Mule*, and entertainment, such as *Naked Camera*, in the evenings. Key acquisitions such as *Lost* and *The Sopranos* further bolster the schedule.

### NEWS

#### RTÉ News

RTÉ provides independent, accurate and impartial news and current affairs programming, in both languages, across all services, including radio, television and RTÉ.ie.

### PUBLISHING

#### RTÉ GUIDE

RTÉ publishes the *RTÉ Guide*, the best-selling Irish weekly magazine.

#### RTÉ AERTEL

RTÉ operates RTÉ Aertel, Ireland's leading free-to-air teletext service.

#### RTÉ.ie

RTÉ provides a range of free web based on-line services on RTÉ.ie, Ireland's most popular media website.

In addition, TG4, a national television channel with Irish language programming forming the core of its service, has resided within the RTÉ Group since it came on air in 1996, pending the completion of a Government review of its relationship with RTÉ.

**NETWORK**

## RTÉ Network

RTÉ provides a national analogue transmission network, both for its own radio and television stations as well as for TV3 and Today fm. It also rents tower space on its masts to local radio stations and a range of entities involved in broadband, mobile phone networks, the emergency services etc.

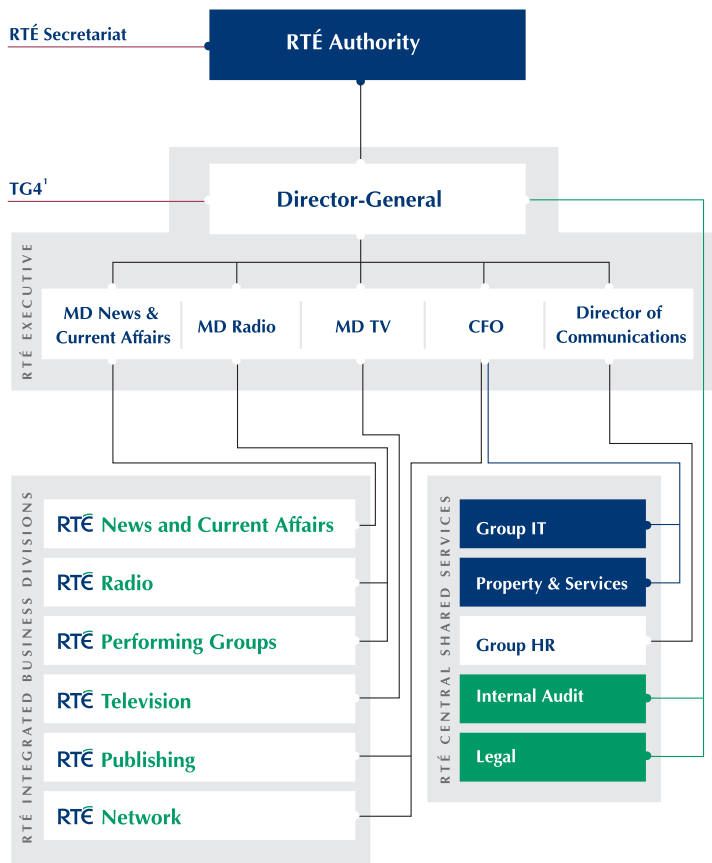
**PERFORMING GROUPS**

## RTÉ Performing Groups

RTÉ is a major contributor to the arts in Ireland, and operates five performing groups, namely:

- RTÉ National Symphony Orchestra
- RTÉ Concert Orchestra
- RTÉ Vanbrugh Quartet
- RTÉ Philharmonic Choir
- RTÉ Cór na nÓg

**ORGANISATION STRUCTURE**



The RTÉ Executive manages RTÉ's Integrated Business Divisions and the Group's Shared Services on a day-to-day basis. The Director-General reports directly to the RTÉ Authority which is charged by the Irish Government with overseeing the activities of the RTÉ Group.

1 TG4 resides within the RTÉ Group pending the completion of a Government review of its relationship with RTÉ.

## CHAIRMAN'S STATEMENT



The 2004 Annual Report was published by the Authority whose term of office ended on 31 May 2005. This report therefore is the first one of the new Authority, a body appointed in June 2005 that I am privileged to chair since February 2006. I would like to pay tribute to the previous Authority and in a very particular way to its Chairman, Patrick J. Wright. His sterling leadership ensured what can only be described as an extraordinary turn-around for the organisation. We are indebted to him. My immediate predecessor, Fintan Drury, also served with distinction and between them they have left the organisation in a healthy situation, well prepared for the challenging future ahead.

I endorse and reconfirm RTÉ's commitment to working with Government to develop appropriate legislation for the healthy development of the broadcast sector in Ireland.

2005 was clearly an extremely busy and successful year for RTÉ. The audited figures show achievement ahead of budget and also show a significant increase in expenditure on home-produced programming. This has helped ensure that RTÉ continues to fulfil its public service remit. RTÉ Television has reaped the benefits of this investment with an increased number of loyal viewers across a wide variety of genres. RTÉ Radio, however, has had a tougher time and while growth in listenership to local radio is a dynamic contribution to listener choice, it has been, to some extent, and perhaps inevitably, at the expense of the national broadcaster. This is a trend we are determined to arrest in coming years. This may seem an unlikely possibility but it can be done. Let me offer by way of illustration the fact that the *RTÉ Guide* has been re-positioned and recorded an increase in sales in 2005 – for the first time in ten years in what is an equivalently competitive market.

RTÉ must remain fully accountable for all our public funding with transparent and comprehensive reporting on Integrated Business Divisions (IBDs), services and programme genres. As has been stressed previously, RTÉ is also a non-profit making organisation and it is essential to budget for, and make, a prudent surplus which can be ring-fenced for the essential maintenance and development projects facing all our IBDs. One of the key development projects spanning 2005 and 2006 is Digital Terrestrial Television (DTT). RTÉ submitted a very comprehensive scenario on the initiation and full roll-out of DTT to the Minister for Communications, Marine and Natural Resources in 2005 and is prepared fully to play an appropriate role in this critical national issue. I endorse and reconfirm RTÉ's commitment to working with Government to develop appropriate legislation for the healthy development of the broadcast sector in Ireland.

Since I took on the responsibility of Chairman of the Authority, I have been struck by the focus within RTÉ on:

- good governance;
- quality output; and
- efficiency.

These, coupled with a huge commitment from staff, bode very well for the coming period when we face immense challenges - many of which will be addressed in the *RTÉ Corporate Strategic Plan 2006 – 2010*. The Authority looks forward to implementing this Plan.

I am grateful to the Minister for Communications, Marine and Natural Resources and his officials for their ongoing co-operation and interest in the development of the National Public Service Broadcaster.

**Mary Finan**

## DIRECTOR-GENERAL'S REVIEW



2005 was a year of significant programming on radio and television assisted greatly by additional investment in home-produced output. It was a year in which RTÉ met all its published commitments, programming, financial and corporate. A new RTÉ Authority was appointed and continued the work in preparing a Five-Year Strategic Plan to be submitted to the Minister for Communications, Marine and Natural Resources by the end of the first quarter of 2006. As is discussed in detail below, the strong programming performance was complemented by a very successful commercial year for each of the relevant Integrated Business Divisions (IBDs). Costs continue to be controlled vigilantly in the context of buoyant economic conditions and strong operational performance.





RTÉ Television continues to dominate the 100 most watched programmes of the year.

Further expenditure in indigenous Irish programming resulted in ratings successes such as *Killinaskully*, *Pure Mule* and *The Clinic*.

**TELEVISION**

**Competitive issues**

RTÉ Television’s performance in 2005 should be seen against the backdrop of significantly increased competition. Between December 2004 and December 2005 an extra 108,000 homes (or 8% of the population) migrated to digital. This brought the total number of digital homes to 607,000 (or 43%). These homes all have access to a myriad of cable and satellite channels in the English language.

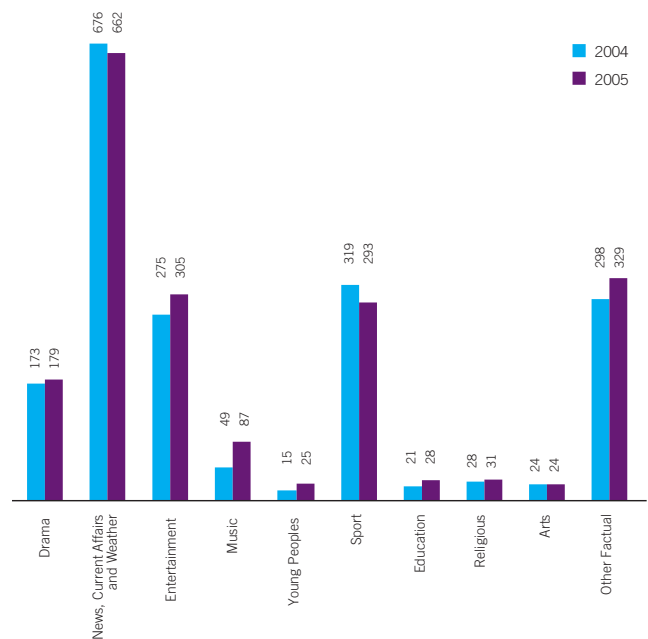
In this context, RTÉ’s performance in 2005 was robust. RTÉ’s total national share in peak time (18.00-23.30) rose from 43.9% to 44.1% year on year. In multi-channel homes (the most competitive environment), RTÉ’s adult share also rose, from 38.6% to 38.8%.

RTÉ continues to dominate the 100 most watched programmes of the year. Of the top 100 most watched programmes in 2005, 97 were on RTÉ and 80 of these RTÉ programmes were indigenous Irish programmes. This strong share contributed to the continuing rise in advertising income, which in turn has facilitated further expenditure on indigenous Irish programming.

This increased investment in Irish programming attracted significant audiences. Examples on RTÉ One included the four part documentary series, *Haughey*, *Rip Off Republic*, presented by Eddie Hobbs and *Killinaskully* series II, starring Pat Shortt. Other notable successes were *The Clinic* series III, *The Symphony Sessions* and *The Asylum*. On RTÉ Two, notable rating successes included the midlands-based drama *Pure Mule* and hidden camera shows *Naked Camera* and *Anonymous*.

The *Late Late Show* and *Tubridy Tonight* proved essential viewing at the weekend with *Fair City* an important schedule anchor. *Karl Spain Wants A Woman*, *The Panel* and *The Ex-Files* each contributed to the re-positioned RTÉ Two. Young People’s Programming was re-launched in the Autumn with a new schedule including *Dustin’s Daily News* and *The Café*. Sporting highlights included the European Hockey Championship, the GAA Championships and the Champions League. *Scannal* and *Léargas* were strong Irish language programmes and *Three 60*, *Mono* and *Altered States* were among other quality contributions in 2005.

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



# DIRECTOR-GENERAL'S REVIEW CONTINUED

Television sponsorship revenue grew by 17% on 2004 to €5.8m.

Television merchandising increased by 41% on 2004, with eight RTÉ DVD titles in the Top 30 over Christmas.

## Commercial revenue

2005 was a record year for revenue in television.

*Television advertising* revenue (net) for 2005 of €124.1m represented a 17% growth on 2004, which itself was also a strong year in revenue terms. This growth was achieved in the context of an increasingly competitive environment. In 2005 alone, there were three new stations available to the Irish advertiser, all of whom offer significantly lower prices for audience delivery. The 14 stations who now sell advertising in the Irish television market in 2005 compares with a total of seven in 2003.

The key areas of growth in 2005 were Food (+24%), Retail (+32%), Drink (+27%), Telecoms (+50%) and Motors (+52%), with total growth across these categories of €16.4m. Interestingly, only two of these five categories would have been defined as "traditional" television advertising categories – Food and Drink. A critical factor in our success over the recent past has been the focus on non-traditional advertising categories, many of whom had used the print media as their primary medium.

*Television sponsorship* revenue grew by 17% on 2004 to €5.8m. Again, this was the strongest recorded revenue for this area and was largely facilitated by the number of new series, both home produced and acquired, which became available for potential sponsorship. An interesting feature of sponsorships in 2005 was the increased interest by potential sponsors in leveraging opportunities across all RTÉ media - Television, Radio and Publishing.

Other income streams, including *commercial studios* and *television merchandising*, whilst small in overall terms, also experienced strong growth in income in 2005. Commercial studio revenue increased 70% on 2004, producing commercials and sponsorship stings for clients which included Diageo, Nestlé, FBD, Goodfellas, Dominos, Benecol and Gaelic Telecom. Television merchandising increased by 41% on 2004, with eight RTÉ DVD titles in the Top 30 over Christmas, and five in the Top 20.

## Operational issues

Transmission on digital platforms was converted to widescreen over a six month period. All in-house programmes are now produced in widescreen with the exception of News, while viewers watching on the analogue terrestrial network receive pictures in a compromise format. This brings RTÉ in line with other major European broadcasters and was achieved by programme makers working closely with technical staff and technologists to ensure a smooth transition.



RTÉ Radio 1's new weekend schedule featured ratings successes like *Playback* and *Mooney Goes Wild*.

RTÉ Raidió na Gaeltachta introduced *Anocht fm*, a new evening strand for young people.

## RADIO

Successful radio is part of the pattern of daily life – so much so, that it is usually taken for granted. The radio is the familiar companion, always on in the kitchen or in the car. It is also true that radio today is a medium in competition with other attractions. It has to innovate to hold its share of attention. Every year, more stations are licenced and technology offers increased control and choice for listeners via broadband, iPods and MP3 files. So RTÉ Radio has to reinvent itself, gradually changing its familiar forms and finding new ways to be part of everyday experience – in public affairs, sport, music and features.

### Competitive issues

The competitive outlook for RTÉ Radio is testing. It is not simply the fact that RTÉ competes with 29 licensed commercial stations and that more new radio services – local, regional and near-national – will be on air in the near future. Audiences now enjoy a level of choice and control that is transforming their radio listening. Cable and satellite television packages offer radio channels and there are hundreds of services available on the Internet. People aged between 15 and 35 are the listeners who most use the new technologies – broadband, podcasting and MP3 players. They are also the audience that advertisers most want to reach.

Radio in Ireland still has a very strong appeal – 85% of us listen for more than four hours a day on average. But since 2000, the daily audience for radio has slipped by 4%. While RTÉ Radio delivered 18 of the Top 20 programmes in 2005, all with strong audience numbers, its national reach has gone from 55% to 43% in the last five years.

The response has to be confident and competitive. It means moving to serve new audiences, to increase listening at times when we know that people are available and looking for good radio. This explains RTÉ Radio 1's new weekend schedule introduced in autumn 2005, which is already proving its popularity with listeners.

The challenge for RTÉ Radio is to maintain its distinctive offering as a Public Service Broadcaster whose schedules offer quality programmes for a wide range of interests. By staying relevant to Irish life, and central to Irish media, RTÉ Radio will secure the public support that is the basis for its public funding and its commercial revenue.

### Programming

There were important changes in the schedules of all four RTÉ Radio channels in 2005. Marian Finucane launched her new weekend programme on RTÉ Radio 1 in September; Ryan Tubridy joined RTÉ Radio 1 from RTÉ 2fm in June; Raidió na Gaeltachta introduced *Anocht fm* in May, a new evening strand for young people that includes English language songs for the first time in the channel's output; Marty Whelan joined RTÉ 2fm to present the breakfast show in September; and RTÉ lyric fm refreshed its afternoon and evening weekday schedule, as well as introducing new programmes at the weekend.

International events – including the Tsunami, Hurricane Katrina, the death of Pope John Paul II and the election of Pope Benedict XVI and the London bombings – received thorough radio coverage, as did the elections in Northern Ireland and Britain.

At home, *Five Seven Live* drew on the resources of a new investigative unit to report in depth on the case of Brian Rossiter. This work was recognised by a Justice and Media Award for Philip Boucher Hayes. Among the highlights of the year on *Liveline* were the story of Nigerian student Kunle Elukanlo, his deportation and subsequent return to Ireland, and the overcharging by some solicitors acting for people at the Institutional Redress Board.

## DIRECTOR-GENERAL'S REVIEW CONTINUED

RTÉ Raidió na Gaeltachta improved its presence in the smaller Gaeltachtaí when it opened three new studios in Mayo, Donegal and Kerry, making a total of seven centres linked by ISDN to its network. At the *Celtic Film and Television Festival*, RTÉ Raidió na Gaeltachta won the award for the best radio service in the Celtic countries. Two Oireachtas na Gaeilge awards were also made to broadcasters on Raidió na Gaeltachta.

Each year the output from RTÉ Radio Sport increases both in quantity and quality, and 2005 was no exception with coverage given to all major events involving Irish competitors. With more and more events unavailable on terrestrial television, it is important that this trend continues.

Of the four channels, it is RTÉ 2fm that has experienced the keenest competition as more stations contest for listeners. Still, it reaches 21% of the available audience every day, putting its daily listenership at almost 700,000. Gerry Ryan continues to set the pace for all competition.

RTÉ lyric fm broadened the ambition of its schedule in 2005. Celebrity interviews and concerts featured Plácido Domingo, Michael Nyman, James Galway, Kiri Te Kanawa and Maxim Vengerov. Jazz, traditional and world music were more prominent on the station this year.

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### Operational issues

In 2005, RTÉ Radio carried out research and evaluated the options for digital services. As a result, digital audio broadcasting (DAB) trials began in January 2006 – a sign of RTÉ Radio's commitment to maintain its distinctive presence and its availability to the public in the digital age. Podcasting of programmes started in November 2005. This is an exciting step that makes it easier for listeners to order programmes where and when they want to hear them.

The RTÉ Radio Archive contributes to RTÉ's Library and Archive website and we have added to the catalogue of CDs and books that are available through [www.rte.ie/shop](http://www.rte.ie/shop). RTÉ Raidió na Gaeltachta deposited a copy of its Ulster archive with the Ulster Folk and Transport Museum in Belfast and an agreement has been made to make a copy of the Munster archive available at the Blasket Centre in County Kerry.

Technical adjustments have been made to improve the FM reception and audio quality of both RTÉ Radio 1 and RTÉ 2fm, as well as to the medium wave broadcasts of RTÉ Radio 1.

In 2005, RTÉ regional studios increased their production hours for Radio by an average 12% per month, a clear measure that technology is making the programmes more reflective of life as it is lived outside the capital and the larger cities.

### Commercial revenue

The RTÉ Radio sales team improved year-on-year revenue by 10%, with each of the three stations which carry advertisements performing well. In particular, a clear plan was implemented for RTÉ lyric fm which saw airtime revenues double, albeit from a low base. Airtime, sponsorship and promotions revenues were all up on 2004, in a highly competitive market.

The development of the Airtime Inventory Management System meant the level of business analysis was improved yet again. It also meant both forecasting and rate card determination was achieved with a greater level of accuracy.

There were numerous new initiatives such as having the weather and time-checks sponsored, SMS and IVR entry mechanisms for competitions were implemented and integrated commercial production facilities came on stream.

2005 also saw the start of cross-media solutions being sold. With the appropriate structures in place, there were successes in Television, Radio and Publishing.

The year saw the implementation of the RTÉ Radio Marketing Strategy. With a clear three year plan, B2B (Business to Business), B2C (Business to Consumer) and inter-IBD marketing plans were implemented. Notable successes included the RTÉ Radio 1 'We've got the nation talking' and the RTÉ 2fm 'u know u want 2' campaigns as well as a concerted trade push for RTÉ Radio itself. The summer RTÉ 2fm 'it's all about u' €20K giveaway was the most successful promotion to date. All marketing initiatives in 2005 involved teams working closely across RTÉ.

## DIRECTOR-GENERAL'S REVIEW CONTINUED

## NEWS AND CURRENT AFFAIRS

## Competitive issues

RTÉ News and Current Affairs programming is at the heart of RTÉ's public service function and continues to perform extraordinarily well relative to other broadcasters across Western Europe.

- On weekdays, *Six One* has gained 1.7 share points on last year's average to almost 48%. The number of viewers is also up slightly; an extra 22,000 viewers watched in 2005 compared with 2004. Share gains made in 2004 have been consolidated and built upon. Saturday and Sunday's share are stable year-on-year, registering 38.4% and 41.4% respectively.
- *Nine O'Clock News* is up over a point to 40% share. Viewing figures are also up with an average of 532,000 now tuning in, up 30,000 since 2004 (up 6%).

- RTÉ *News on Two* has gained half a point on 2004 to 13.5% share. Viewing is also up 20,000 to 125,000.
- Compared with 2004, share for *Prime Time* was up or stable for 7 out of 12 months in 2005 (up or stable on 11 out of 12 months for 2003).
- Share for *Prime Time Investigates* in 2005 (9 programmes) was 35.1%, up almost 3 points on 2004 (10 programmes), the average number of viewers increased by 77,000 to 479,000 (up 19%). The number of viewers in winter 2005, at 544,000, is up by 30% on winter 2004.
- *Questions and Answers* had an average share of 31.1% in 2005, up over 3 points on 2004. Total audiences had a 21% increase to 327,000.





One of the major events covered during the year was the Tsunami disaster.

476,000 listeners tune into *Morning Ireland* everyday.

The major news events covered during the year included the Tsunami disaster, the death of Robert Holohan, the death of Pope John Paul II and election of Pope Benedict XVI, the fatal bus crash in Co. Meath, the British general election and Northern Ireland elections, the London bombings, IRA decommissioning, Hurricane Katrina and the Pakistan earthquake.

There was a focus in 2005 on Africa and development issues - in particular there was a series by Aoife Kavanagh on Radio and Television, documentaries by Jim Fahy and Margaret Ward, while George Lee reported from major international conferences on Africa.

In Current Affairs, the Leas Cross programme was part of the continued strong performance by *Prime Time Investigates*. Other significant programmes included the *Prime Time* special investigation into the murder of Robert McCartney and Mary Wilson's interview with Pádraig Nally.

*Nuacht* had special coverage of the Údarás na Gaeltachta elections and a number of bulletins broadcast from Gaeltacht areas. *Nuacht* also made documentaries on the aftermath of the Tsunami and a special Féilte programme from Chicago.

#### Operational issues

There will be significant operational change in News in 2006 with the introduction of iNews and the move to server based transmission, where all News ingest material will be processed, edited and made ready for transmission using computer based technology. This transition to a fully digital environment is to the fore in RTÉ's overall strategy of moving to an entirely digital environment for all aspects of its broadcast activities.

#### NETWORK

##### Competitive issues

In the area of the provision of national analogue television broadcast transmission services, ComReg decided to designate RTÉNL, our transmission network subsidiary, as having significant market power (SMP) and set three overall obligations for RTÉNL to comply with into the future. RTÉNL is already in full compliance with two of the three obligations set (Transparency and Non-discrimination). ComReg is currently deliberating on the details of the third obligation (Accounting separation).

In the area of the provision of local, regional analogue transmission services, RTÉNL's business is relatively static as there are very few suitable frequencies available. The increasing number of mast sites for mobile telephone and other wireless services ensures very stiff competition.

RTÉNL's existing infrastructure is focused on broadcasting. However as a by-product, the height and location of the infrastructure makes it useful for some commercial tower rentals (i.e. mobile telephone, private radio and broadband collection points). Developments in technologies such as 3G are of less advantage to RTÉNL as these types of systems require compact cell sizes local to the consumer whereas RTÉNL's infrastructure is primarily mountaintop and remote.

##### Commercial revenue

Third party income is in line with budget. The expansion of revenue from existing major customers has been slower than anticipated. However an increase in activity, which commenced in the second quarter of 2005, and which was mainly driven by more recent entrants to the mobile telecoms market, has accelerated during the year and remains ongoing. This has led to increased income from these newer companies offsetting the shortfall from existing major customers.

Income from broadband providers remains slow with only a very small number of broadband operators taking up space on company structures.

# DIRECTOR-GENERAL'S REVIEW CONTINUED

## **Operational issues**

Overall system availability for television and radio broadcasting is comparable with previous years (99.8% or better). A catastrophic failure caused by a lightning strike was experienced on TG4 equipment on a main site which resulted in an initial outage followed by a number of weeks operating at reduced power in early 2005.

In 2006, we hope to introduce digital terrestrial radio, in the form of Digital Audio Broadcasting (DAB), as an experiment from Three Rock Mountain and Clermont Cairn to provide a service to the Louth, Meath and Greater Dublin area. Work will continue towards the introduction of Digital Terrestrial Television (DTT), which will be a large part of RTÉNL's future business. The introduction of DTT and the switch-off of analogue television services is being planned and implemented across Europe. Analogue television services in Ireland have a limited future. However current legislation is an impediment to the development of a DTT platform in Ireland and changes are necessary to bring DTT to fruition.





RTÉ.ie had an average of 15 million page impressions per month in 2005.

On average, 451,000 people read the *RTÉ Guide* each week during 2005.

## PUBLISHING

### Competitive issues

90.8m magazines are sold in Ireland each year, of which 20% are Irish titles. The *RTÉ Guide* represents 16.8% of the indigenous market and 6% of the total market. Despite an increasingly cluttered market, the *RTÉ Guide* has stemmed the long-term reduction in circulation experienced and, for the first time in several years, succeeded in increasing its circulation. For July to December 2005, circulation was up 1.4% on July to December 2004 and up 9.8% when compared to the January to June 2005 period. The *RTÉ Guide* format has been re-positioned to reflect findings of consumer research. Sign posting was added to the front cover and certain colours were introduced to the masthead. New programme related supplements and features were introduced. Amongst them were the Dawn Chorus CD and poster, *Show Me the Money* magazine and the *Sunday Game* magazine.

The on-line market is extremely competitive and RTÉ.ie has managed to compete by offering a broad range of up to the minute multimedia content. RTÉ.ie achieved an average of 14.97m page impressions per month in 2005. This represents a 51% increase on 2004 usage. Independent industry measurement is in development and independent benchmarks are as yet immature measures of relative performance. In 2005, RTÉ.ie won two Golden Spider awards for “Best Media Website” and “Best Mobile Content”. The development strategy of RTÉ.ie is built around expansion of both the volume and breadth of on-demand RTÉ Radio and RTÉ Television programmes and the content provided online.

RTÉ Aertel is the market leader in teletext services and is the only full service Irish offering. The latest Nielsen Establishment Survey shows that 858,000 households use Aertel (92% of all Aertel homes), a 6.5% increase on 2004. 2.06m individuals accessed Aertel in 2005, a 5.6% increase on 2004. Market developments are taking place on digital platforms and the offerings are becoming more competitive. There is no Irish digital text service available at present.

Publishing also operate a highly successful commercial telecoms unit which, as well as facilitating the in-programme competitions and voting polls, also began providing a text-to-screen service to programmes such as the *Late Late Show* and *The Big Bite*, where viewers can text in their comment on the programme discussion. In 2005, 6.6m messages were generated by RTÉ audiences and 58 programmes had such audience interaction.

### Operational issues

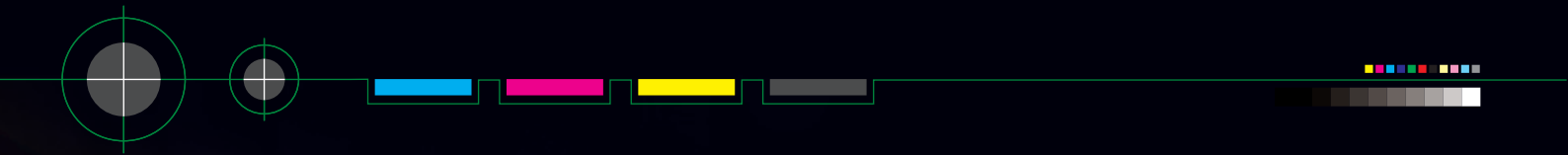
RTÉ is pioneering development in the mobile content business, by providing news, sport and entertainment video content. This market will become more competitive as 3G and broadband penetration grows, and as consumers access content through different devices.



RTÉ content has also been made available for distribution over 3G mobile platforms in Ireland this year. This includes daily *One O'Clock* and *Six One* news bulletins, over 150 GAA video match packages and UEFA soccer. *Karl Spain Wants A Woman* was the first Irish television show to be made available on 3G, with clips from the show, off-screen and promos.

RTÉ sees both Broadband and IPTV as alternative, but complementary, distribution platforms to Terrestrial Transmission, Cable and Satellite. The internet is viewed as having a key role in the shift from linear to on-demand content consumption as it evolves from a text-based information source to a complete multi-media environment. RTÉ.ie is currently serving an average of 500,000 audio/video files each month. Users can listen live to all four RTÉ radio stations.

# DIRECTOR-GENERAL'S REVIEW CONTINUED



The amount of Video-on-Demand content was increased in 2005 to offer users 40 hours each week of News (*One O'Clock, Six One and Nine O'Clock*) and Current Affairs (*Prime Time, Questions and Answers and Nationwide*), and a growing number of RTÉ Television entertainment programmes including the *Late Late Show, No Frontiers* and *Off the Rails*. Video clips from *The Den* children's programme are also available on an ongoing basis from RTÉ's website.

A PDA version of RTÉ.ie was launched in October 2005 at [www.rte.ie/pda](http://www.rte.ie/pda).

In the future, new media rights will become an important operational issue. The market is still in development and commercial and licensing models are not consistent.





In 2005, RTÉ Performing Groups gave 240 performances, which were attended by over 212,000 people.

RTÉ Performing Groups conducted 94 education related performances, workshops and pre-concert talks.

## PERFORMING GROUPS

### Performances and audiences

There were a total of 240 live performances by RTÉ Performing Groups in 2005, a slight increase on the previous year. Almost all RTÉ National Symphony Orchestra, RTÉ Vanbrugh Quartet and choirs' concert programmes were broadcast on RTÉ lyric fm. RTÉ Concert Orchestra output was broadcast across both RTÉ Radio 1 and RTÉ lyric fm. Reflecting general increases and also a number of exceptional large-audience third-party events, total live audiences for all RTÉ Performing Groups events increased to a record 212,530, an increase of 15.6% on 2004. Average attendance per event rose by 14.2%. This resulted in an overall increase in revenue for the division of €424,000 to a total of €2.307m.

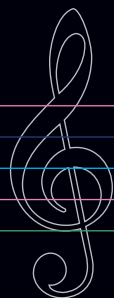
The RTÉ National Symphony Orchestra (RTÉNSO) had a strong year artistically, with the 2004/2005 season ending with a successful week-long Beethovenfest and the world premiere performance and recording of Gerald Barry's new opera, *The Bitter Tears of Petra von Kant*, an RTÉ co-commission. The short summer season was also strong, and the early 2005/6 season has produced fine performances over a wide range of repertoire and has begun an important cycle of Shostakovich symphonies. Another highlight was the RTÉ Television series, *The Symphony Sessions*.

The RTÉ Concert Orchestra (RTÉCO) performed well across a wide range of repertoire in a year of considerable change of business mix. The number of third party promotions increased significantly, including performances with Plácido Domingo, Jose Carreras, Luciano Pavarotti and Kiri Te Kanawa. Changes were also made to the flagship classical series at the Helix after persistently small audiences for classical music at the venue in spite of generally very high performance standards, including a memorable performance of *Haydn's Creation*. It was a particularly strong year for the Orchestra's light entertainment output and its performances for Opera Ireland.

The RTÉ Vanbrugh Quartet (VQ) continued its main concert seasons in Dublin and Cork, with a successful autumn move to a new Dublin venue in the National Gallery, and it also toured extensively to smaller regional venues. The Quartet anchored the successful *West Cork Chamber Music Festival* and was also the anchor group of the first European Quartet week in Cork city as part of the Cork 2005 programme. In addition, it recorded its first CD for RTÉ lyric fm (for release in 2006) and released a well received Stanford CD on the Hyperion label.

The RTÉ Philharmonic Choir continued to perform to a very high standard in a record number of performances with the RTÉ NSO. RTÉ Cór na nÓg continued to make strong progress under its new director, the highlight of which was the production of its first CD for RTÉ. This reached a large audience as a cover-mount on the *RTÉ Guide*.

## DIRECTOR-GENERAL'S REVIEW CONTINUED



The *RTÉ Living Music Festival* at the Helix was an artistic success, giving Irish audiences their first major exposure to the work of Hans-Werner Henze, one of the most important living composers and attracting strong EBU interest. The continuing difficulties with audience generation at the Helix prompted a review and redesign of the event for 2006. The *RTÉ Farmleigh Proms* were extremely popular, generating great public interest with demand for circa 160,000 tickets (10,000 capacity) in the public ticket lottery.



TG4 had its highest ever weekly share of 5% for the Christmas 2005 holiday period.

TG4's national audience share for 2005 was a creditable 3.2%.

## TG4

### Competitive issues

The mixed schedule format continued to reap rewards for the channel, with the Irish language and children's strand forming 59% of the broadcast output. National audience share for 2005 was a creditable 3.2% with a very strong year-end performance. TG4 had its highest ever weekly share of 5% for the Christmas 2005 holiday period, the most competitive week in the television market. The channel's reach for this period was 1.28m viewers per day.

The channel's scope to develop and grow was constrained only by the limitations imposed by its ongoing low level of Exchequer funding and no effort has been spared in seeking to access all other appropriate sources of funding.

### Programming

Sport continues to be a key part of TG4's success. While developing further its established reputation as the main provider of televised live Gaelic games coverage from autumn to late spring (men's and women's), 2005 saw the introduction of an even wider range of sports on TG4. Innovations included domestic soccer (Eircom League) and global events - exclusive extensive live coverage of the Wimbledon Tennis Championships and the Tour de France as well as snooker, horse-racing and motor sport.

The channel has been careful not to be put in a position of over-reliance on any one genre and has had a strong performance across the range of factual, drama, reality shows, music and entertainment with series such as *Cúla4*, *Laochra Gael*, *Ros na Rún*, *Cogar*, *Bean an Tí*, *Spré na Seascadaí*, *Paisean Faisean*, *Hector san Afraic*, *Geantraí*, *Underdogs*, *Meirligh*, *Trom go Trim* and *Glór Tíre* all performing strongly.

Exceptional events during 2005, some planned and some unforeseen, gave TG4 the opportunity to test its ability to provide meaningful and complementary coverage.

The Údarás na Gaeltachta Board elections and the death of Pope John Paul II each provided a challenge for our Nuacht and Internal Production teams. The channel's coverage of major annual cultural events, like the Gradam Ceoil TG4 and Oireachtas na Gaeilge, were also augmented and positively received.

The annual provision of Irish language programming from RTÉ to TG4 (365 hours) was another key part of the success and enhances the channel's output. In particular, the daily *Nuacht TG4* service continued as the anchor for the programme schedule and a daily visible manifestation of the 'súil eile' approach to news gathering and processing, providing an attractively different and differentiated view of affairs.

The schedule has a particular need for innovative acquisitions, content that will serve both national and niche audiences. TG4 has been particularly successful in attracting viewers for its regular slot for Western films and first-run showing of the most high-profile US television drama series aimed at teenagers *The OC*.

### Operational issues

In spring 2005, a pilot scheme was introduced for analogue terrestrial transmission of the TG4 signal to the Belfast area from a transmitter on Divis Mountain. In addition, in April 2005, both TG4 and RTÉ were made available to Northern Ireland subscribers to the Sky satellite service. Both of these developments are of enormous significance for TG4 and for the Irish language community and the television audience in Northern Ireland.

TG4 has been assiduous in seeking additional funding for Irish language programme-making. 2005 saw the inauguration of two funds that are key potential partners in this regard – the Irish Language Broadcast Fund in Northern Ireland (ILBF) and the Sound and Vision funding scheme operated by the Broadcasting Commission of Ireland (BCI).

## DIRECTOR-GENERAL'S REVIEW CONTINUED

TG4 has been working closely with the administrators of both funds. It has already been successful in attracting funding from the ILBF and looks forward with confidence to working in partnership with the BCI fund.

The channel's website has grown beyond all expectation and is now the main interactive conduit for audience reaction to programming and for feedback from the public, media and academics. Website traffic increased by 62% during 2005 with over 50% of visitors originating in the USA. The site had 19 million hits during the year and one indication of its success is the 53,000 votes cast via the web for a sports competition.

### Separation

During the second half of 2005, TG4 worked with all parties involved in implementing the Government's stated policy of establishing TG4 as a separate statutory entity, independent of RTÉ. In July 2005, consultants Deloitte & Touche and solicitors William Fry & Co were appointed to assist the Minister in the preparation of an implementation plan to establish an independent TG4. A report was presented to the Minister in late November and he is currently preparing a Memorandum for Government on the issue.

### Commercial revenue

Revenue from TG4 airtime sales continued to increase in 2005. Net advertising revenue for the year was €3.3m, a 21% increase on 2004. Sponsorship revenue for 2005, €290k, was also buoyant, showing a 10% increase on the previous year.

The channel ran a number of high profile marketing campaigns during the year. The campaigns focussed on the station's best known brands and series - *Ros na Rún*, *GAA Beo*, *Paisean Faisean*, *Glór Tíre* and *Underdogs*.

As in previous years, TG4 programmes continue to garner national and international awards and prizes at prestigious festivals and events. Over 20 major awards were presented to TG4 programmes and content during 2005, most notably the ICAD award for *Paisean Faisean*, the five Oireachtas na Gaeilge Media Awards and the main prize (Spirit of the Festival) at the *International Celtic Film and Television Festival* in Cardiff for *Cinegaeil Paradiso*.

### Outlook

There remain many challenges for TG4 for 2006 - to secure increased public funding with a view to being able to output six hours a day of original Irish language programming; managing the process in the lead-in to independent status for TG4; maintaining and increasing audience share; extending reception and achieving due prominence on all delivery platforms in Northern Ireland; and marking the channel's tenth on-air birthday in an appropriate and celebratory way.

### CHARTER DEVELOPMENTS 2005

In keeping with RTÉ's responsibilities outlined in the *Public Service Broadcasting Charter*, published by Government in June 2004, RTÉ has undertaken a number of initiatives in 2005 to improve the delivery of its public services to the audience. In addition to those detailed elsewhere in this report on RTÉ's activities, these include:

- the publication of an updated and revised second edition of *RTÉ's Guiding Principles – Implementing the Public Service Broadcasting Charter*. The third edition will be published in 2006;
- the establishment of a working group to co-ordinate RTÉ's active response to its obligations under the *Official Languages Act 2003* and to review its Irish language programming on services other than RTÉ Raidió na Gaeltachta and TG4;
- the addition of the RTÉ Libraries and Archive to RTÉ.ie; and



The RTÉ Group had 2,005 employees (FTEs) at 31 December 2005, excluding STnaG.

RTÉ's main asset is the creative talent and commitment of its staff.

- the upgrading by RTÉNL of a number of small community broadcast systems. Within the RTÉNL Self Help Projects 2005, a number of old self help sites or community broadcast systems not maintained by RTÉ were brought up to acceptable maintenance and safety standards, so they could be added to the RTÉNL official site list. The project focused on twelve sites in 2005. Of these sites, ten sites are commissioned and all works complete. For the remaining two sites, the relevant equipment was purchased but commissioning will only commence in early 2006.

The commissioned and complete sites are:

Woodenbridge, Co. Wicklow	Tinahealy, Co. Wicklow
Craffield, Co. Wicklow	Aghavannagh, Co. Wicklow
Bunclody, Co. Wexford	Beefan, Co. Donegal
Kilcar, Co. Donegal	Quigleys Point, Co. Donegal
Briska, Co. Mayo	Bundorcha/Ben Gorm, Co. Mayo

The two non-commissioned sites are Finavara, Co. Clare and Glenmalure, Co. Wicklow.

#### **CORPORATE RESPONSIBILITY**

As Ireland's Public Service Broadcaster, RTÉ is fully committed to operating ethically, with integrity and responsibly, towards all groups with which it interacts.

RTÉ's values commit it to, inter alia:

- Operating in the public interest, providing news and current affairs that is fair, impartial, accurate and challenging;
- Being honest and transparent in all of our activities;
- Being responsible to our staff and considering everyone as an individual; and
- Respecting each other and our diversity.

Based on our values, we are focussed on integrating corporate responsibility into all aspects of operations relating to our employees, customers, licence payers, other stakeholders and the wider community. We will be publishing a separate corporate responsibility document during the course of 2006.

#### **PEOPLE**

Broadcasting is a creative and complex set of activities. Public Service Broadcasting, in an extremely competitive and dynamic environment, requires the commitment and skills of very many people across many different areas. The skills involved need to be continually re-assessed, refined and developed. That challenge is particularly current as we migrate to a fully digital environment. In preparing a Five Year Strategy, RTÉ is conscious that its main asset is the creative talent and commitment of its staff. The future welfare of Public Service Broadcasting in Ireland will be secured with their engagement and energy, qualities which have been amply demonstrated again in 2005.

In conclusion, I wish to thank Patrick J. Wright for his advice, support and encouragement since I became Director-General until the end of his term as Chairman of the RTÉ Authority in May 2005. In addition, I acknowledge with gratitude the commitment, energy and support of Fintan Drury who served as Chairman of the RTÉ Authority from June 2005 until early January 2006.

**Cathal Goan**

# FINANCIAL REVIEW

## Results

In 2005, RTÉ achieved its best financial performance for many years, earning a net surplus, pre FRS 17, of €9.3m, an increase of €2.5m on 2004.

RTÉ is mandatorily required to fully implement *Financial Reporting Standard 17 – Retirement Benefits* (FRS 17) for the first time in 2005 and these financial statements reflect the impact of this requirement. RTÉ earned a net surplus, post FRS 17, of €16.5m in 2005 which compares with a post FRS 17 net surplus in 2004 of €18.7m. Pension benefits were previously accounted for in accordance with *Statement of Standard Accounting Practice 24 – Accounting for Pension Costs*.

The methodology adopted and mandatorily prescribed by FRS 17 exposes those entities who sponsor defined benefit pension schemes with sizeable long-term liabilities to significant volatility in corporate reported earnings, primarily reflecting current short-term movements in long-term bond markets. In the case of those organisations where the assets and earnings of the pension scheme are substantially greater than the net assets and net surplus of the sponsoring employer, as is the case with RTÉ and the RTÉ Superannuation Scheme, this volatility is exacerbated and has, we believe, the potential to distort a view of the underlying operational and financial performance for the year. As a result, the outcome for the year in this commentary is reviewed pre FRS 17, whilst full disclosure is made within this annual report in respect of the post FRS 17 outcome.

The increased surplus arose from increased television and radio advertising revenue. As this increase in advertising revenue became apparent during the year, RTÉ had the resources to increase the level and range of indigenous programming, in line with our public service obligations and our corporate strategy.

The individual businesses within RTÉ contributed to this result as follows:

	2005	2004
	€m	€m
Television	7.4	8.4
Radio	2.3	2.2
News & Current Affairs	(2.3)	(2.2)
Performing Groups	-	-
Network	5.9	(0.5)
Publishing	0.6	1.1
Corporate HQ	(5.1)	(4.6)
Building impairment	-	(10.8)
Disposal of surplus site	-	13.3
Consolidation adjustments	0.5	(0.1)
<b>Group total</b>	<b>9.3</b>	<b>6.8</b>

## TG4

In accordance with the accounting policy adopted at the time of its establishment for Seirbhísí Theilifís na Gaeilge Teoranta (STnaG), the RTÉ subsidiary that operates TG4, the advertising revenues of STnaG are offset against its operational costs.

In previous years, this resulted in STnaG having no impact on the Group statement of income and expenditure, as STnaG always operated at breakeven.

STnaG had a deficit of €0.8m in 2005, after exceptional insurance proceeds of €1.1m, primarily as a result of increased programme expenditure and an increase in transmission charges from RTÉNL. Consequently, STnaG's result appears on the face of the Group statement of income and expenditure for the first time in 2005.

## Commercial Revenue

The key factors behind the growth in commercial revenue were:

	€m
Television advertising	+ 17.7
Radio advertising	+3.2
Other factors	+2.2
Year on year increase	23.1
Commercial revenue 2004	176.7
Commercial revenue 2005	199.8

The increase in television advertising was seen as a strong performance when viewed against the number of new channels competing for Irish advertising budgets.



### Television licence revenue

An Post collects television licence monies from the general public, acting as agent of the Minister for Communications, Marine and Natural Resources. Monies in respect of “free” television licences are paid directly to the Department of Communications, Marine and Natural Resources (DCMNR) by the Department of Social and Family Affairs. DCMNR makes a non-repayable grant-in-aid of appropriate amounts to RTÉ.

The key factors behind the growth in licence revenue were:

	€m
Increase in Licence Fee from €152 to €155 from 1 Apr 2005	2.3
Increase in licence population	3.2
Increase in collection and other miscellaneous charges	(1.6)
<u>Year on year increase</u>	<u>3.9</u>
<u>Licence income 2004</u>	<u>166.2</u>
<u>Licence income 2005</u>	<u>170.1</u>

Licence evasion continues to be a problem however. RTÉ estimates that circa 16% of eligible households do not hold a valid television licence. The level of licence evasion appears to have deteriorated in recent years despite the level of new licences acquired following the large increase in net new household formations. We understand that Ireland’s level of licence evasion is more than double the level prevailing in the UK.

### Operating costs

The key factors behind the growth in operating costs, before interest, tax, depreciation and amortisation, were:

	€m
Commissioned programmes	+ 21.2
PPF salary increases	+ 5.3
Increase in employee numbers	+ 6.4
Reduced network maintenance charges	(4.2)
Other costs	+ 2.3
	31.0
<u>Operating costs 2004</u>	<u>315.3</u>
<u>Operating costs 2005</u>	<u>346.3</u>

The discretionary increase in commissioned programmes was decided during the year, as a result of the increase in advertising revenue being generated. The spend primarily related to additional drama, entertainment, music, lifestyle and documentary programmes.

Network maintenance charges were lower as the Network IBD undertook a significant additional maintenance programme in 2004, covering all key transmission sites.

### Employee numbers

At 31 December 2005, excluding Seirbhísí Theilifís na Gaeilge Teoranta, there were 2,287 (2004: 2,169) employees of which 450 (2004: 407) were part-time/casual employees.

### Taxation

Television Licence Fee income was exempt from corporation tax up to 31 December 2005. We understand it may be the intention of the Revenue Commissioners to make Television Licence Fee income subject to corporation tax from 1 January 2006.

### Cash flow

RTÉ again generated significant positive cash flow in 2005, as is discussed separately below.

### Licence Fee attribution and use

A large majority of RTÉ’s activities are public service activities, albeit that 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 segment analysis (note 1 to the financial statements) sets out RTÉ’s methodology for the 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.

# FINANCIAL REVIEW CONTINUED

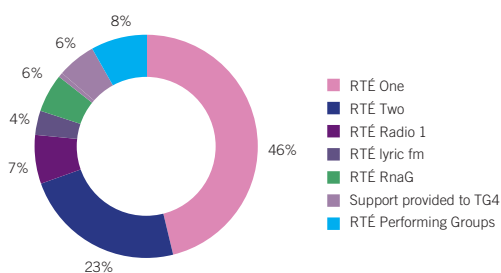
The chart below shows the attribution of licence revenues, received by RTÉ during 2005, to some of the public service activities carried out. The table below separately sets out a representation of how monies collected in respect of each individual licence sold by An Post on behalf of DCMNR or issued by the Department of Social and Family Affairs (DSFA) was utilised during 2005, as not all of the Licence Fee collected goes to RTÉ.

## Utilisation of individual Licence Fees collected

	2005	2004
	€	€
RTÉ One	63.07	61.44
RTÉ Two	31.19	32.28
RTÉ Radio 1	9.87	10.28
RTÉ RnaG	8.78	8.57
RTÉ lyric fm	5.01	5.18
RTÉ Performing Groups	10.56	10.36
Support for TG4	7.58	7.03
<b>Total RTÉ share</b>	<b>136.06</b>	<b>135.14</b>
Broadcasting fund	7.25	7.12
Collection costs:		
An Post/ DCMNR/ DSFA	10.83	9.74
<b>Average cost of each individual broadcasting licence<sup>1</sup></b>	<b>154.14</b>	<b>152.00</b>

1 : The Licence Fee increased from €152 to €155 with effect from 1 April 2005

## Attribution of Licence Revenue received by RTÉ in 2005



## Pensions

RTÉ operates a contributory defined benefit scheme and a number of contributory defined contribution schemes for its employees.

### Contributory defined benefit scheme

As at 31 December 2005, RTÉ had 603 employees who were members of the RTÉ Superannuation Scheme. In addition, RTÉ continues to make contributions to this scheme for 155 former employees, as part of their severance package.

The RTÉ Superannuation Scheme is a defined benefit scheme with funds under management at 31 December 2005 of €940m, at market value. No new employees have been admitted to this scheme since 2 July 1989.

At the request of the trustees, the actuaries to the scheme have carried out a long term funding actuarial valuation as at 1 January 2006 and reported a surplus of €36.8m at 1 January 2006 (1 January 2005: €31.1m) 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 FRS 17 and have reported a surplus on this basis of €3.3m as at 31 December 2005 (31 December 2004: €3.2m).

Full implementation of FRS 17 is required for the first time in our results for the financial year under review. Consequently, in accordance with the provisions of FRS 17, the surplus of €3.3m is recorded on the balance sheet for the first time this year.

The accounting treatment prescribed by FRS 17 has the ability to expose RTÉ to materially significant volatility in its future reported results as a consequence of the manner by which FRS 17 seeks to reflect short term movements in current equity market performance, together with the method FRS 17 chooses to discount long term future liabilities.

### Contributory defined contribution schemes

All RTÉ employees who are not members of the RTÉ Superannuation Scheme are eligible for membership of a contributory defined contribution scheme or are eligible for PRSA type pension arrangements.

1,189 employees are members of the RTÉ Defined Contribution Pension Scheme.

## International financial reporting standards (IFRS)

RTÉ currently prepares its financial statements in accordance with accounting principles generally accepted in the Republic of Ireland (Irish GAAP). 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.

Significant progress has been made to date in identifying the principal changes for RTÉ arising from the move from Irish GAAP to IFRS and developing the system changes required.

The principal changes of practical significance are currently viewed as:

- inventurisation of costs of programmes which have been incurred, where the programme has not yet been broadcast; and
- recognition and measurement of financial instruments at fair value and the use of hedge accounting for derivative transactions.

The impact of the IFRS restatement on the 2006 Group financial statements will be included within the 2007 financial statements.

### **Financial risk management**

The RTÉ Authority has approved policies for the main areas of financial risk faced by the Group.

Group Treasury is responsible for managing all treasury activities, in accordance with the treasury policies, including cash management, foreign exchange transactions and counterparty credit risk.

#### *Foreign exchange management*

The majority of RTÉ's business is transacted in Ireland. Consequently, operating and investing cash flows are substantially denominated in Euro. Foreign currency exposures arise primarily from payments for acquired programmes and sports rights.

RTÉ's policy is to have the majority of its committed principal foreign currency exposures hedged at the beginning of each financial year.

#### *Liquidity and cash management*

Excess cash is primarily invested in term deposit accounts, spread over a number of institutions.

Liquid funds held at 31 December 2005 of €67.8m compared with liabilities under the various restructuring schemes of €27.0m. The greater portion of these restructuring costs will be settled over the next five years.

In light of the level of cash balances held, it has not been considered necessary to hold committed bank borrowing facilities. The Group does maintain a small overdraft facility however.

#### *Credit risk*

As significant cash balances are held and invested on a short-term basis, RTÉ is exposed to credit risk on amounts due from the institutions with whom it holds its bank accounts and transacts cash investment and derivative business. RTÉ's policy is to limit its exposure to each financial institution, primarily depending on its credit rating.

Given the nature of the advertising and other markets within which RTÉ operates, RTÉ had significant exposures to individual advertising agencies and other customers throughout the year. RTÉ's policy is to assign limits to the aggregate amount of exposure to each individual customer. These exposures and the related limits are subject to ongoing review and monitoring.

#### **Insurance**

Insurance cover is held for certain significant 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 the advice received, RTÉ is of the view that appropriate steps have been taken to ensure the outcome of all of these proceedings will not, in aggregate, have a long term material adverse effect on RTÉ's financial condition, results or liquidity.

#### **Looking ahead**

Trading performance to date in early 2006 has been good, with commercial income maintaining last year's levels.

In 2006, the key financial priorities for RTÉ include:

- continued cost control and value for money initiatives;
- progression of our plans for the funding of Digital Terrestrial Television; and
- development of financing proposals in respect of the medium term conversion of production facilities and processes to a digital server based environment.

# AUTHORITY

The 14th Authority completed its term of office on 31 May 2005. Its members are listed on page 33. The members of the 15th Authority, which was appointed during 2005, are set out below.



Mary Finan - Chairman

Mary was appointed to the Authority with effect from 21 February 2006. She was a founding partner and chief executive of Wilson Hartnell Public Relations and is now its non-executive Chairman. Currently the non-executive Chairman of the Economic and Social Research Institute and of the Gate Theatre, she is a non-executive director of Canada Life (Ireland), the ICS Building

Society and Opera Ireland. She is also a member of the Council of the Docklands Development Authority (DDDA) and was the first woman president of the Dublin Chamber of Commerce.

She holds a B.A. from UCD and completed a marketing management programme at Harvard Business School. (Aged 61)



Emer Finnán

Emer was appointed to the Authority with effect from 14 September 2005. She is Director, Strategic Development and Secretary of the EBS Building Society, a role she took up in July 2005. She previously worked in corporate finance, in Dublin with NCB and in London with ABN Amro and Solomon Brothers.

Emer is a fellow of the Institute of Chartered Accountants in Ireland and holds a B.Comm. (Aged 37)



Maria Killian

Maria was appointed to the Authority with effect from 21 June 2005. She currently works as a consultant HR Manager with an international facilities management company. Her career has been in the field of human resource management, where she has worked across a range of industries, including drinks manufacturing, financial services

and telecommunications. She also owns and manages a successful retail business.

She is a graduate of UCD, with a B.A. and M.A. in Organisational Psychology. (Aged 35)



Patricia King

Patricia was appointed to the Authority with effect from 21 June 2005. She is SIPTU Regional Secretary for the Dublin Region. She is a member of the Executive of the Irish Congress of Trade Unions.

Patricia has previously served two terms as a member of the National Roads Authority. (Aged 50)



Ian Malcolm

Ian was appointed to the Authority with effect from 21 June 2005. He is a Ph.D student, researching the attitudes of young Protestants in Northern Ireland towards the Irish language. He previously edited the *Antrim Guardian* for several years before becoming a sub-editor with the *News Letter* in Belfast. He is still an active part-time journalist, writing a column in the daily newspaper *Lá*

and commentating on Northern Ireland political affairs in the Irish language electronic media.

He holds a First Class Honours degree in Celtic Studies from Queen's University Belfast. (Aged 42)



Paddy Marron

Paddy was appointed to the Authority with effect from 21 June 2005. He also served on the previous Authority that completed its term of office on 31 May 2005. He worked in the food industry for 33 years; firstly with Rowntree Mackintosh in Ireland and, for the ten years up to his retirement, as Chief Executive of Nestlé Ireland. He was Chairman of the

Food and Drink Federation of IBEC for a number of years, as well as a member of the National Executive of IBEC. He is also a mentor in the Mentor Programme of Enterprise Ireland.

He is a chartered accountant and holds a B.A. in Archaeology and Art History from UCD. (Aged 68)



Úna Ní Chonaire

Úna was appointed to the RTÉ Authority with effect from 21 June 2005. She works with A-Truss in Rath Cairn, Co. Meath. She is a fluent Irish speaker and a part-time reporter for RTÉ Raidió na Gaeltachta.

In her spare time, Úna helps children improve their Irish and plays camogie, gaelic football and rugby. (Aged 21)



Joe O'Brien

Joe was appointed to the RTÉ Authority with effect from 14 September 2005. He is an RTÉ News Correspondent specialising in Agriculture, Food and Defence. He previously served as Industry Correspondent. He also has wide experience in the coverage of European affairs, Third World issues and politics. He topped the poll in an internal election

held amongst staff to select a candidate for consideration by the Government for appointment to the Authority.

Before he joined RTÉ in 1979, he studied Journalism at the College of Commerce, Rathmines, Dublin and worked for newspapers in Navan and in his native Carlow. (Aged 50)



Stephen O'Byrnes

Stephen was appointed to the Authority with effect from 21 June 2005. He also served on the previous Authority that completed its term of office on 31 May 2005. A PR/Public Affairs consultant, Stephen is Executive Director of Media Relations & Public Affairs Consultants Ltd. During the period 1986 to 1995, he worked as Director of Policy and Press Relations for the Progressive Democrats

Party and was Assistant Government Press Secretary from 1989 to 1992. Prior to that, he worked as a journalist for 15 years, with the *Irish Independent* and the Irish Press Group, holding various editorial and correspondent posts.

He holds a B.A. in Modern Irish History from UCD. (Aged 56)

#### Authority Committees

##### Remuneration and Management Development Committee

Mary Finan, Chairman  
Stephen O'Byrnes  
Maria Killian  
Ian Malcolm

##### Audit Committee

Paddy Marron, Chairman  
Emer Finnan  
Patricia King

##### Programme Committee

Maria Killian, Chairman  
Úna Ní Chonaire  
Ian Malcolm

##### Corporate Development Committee

Mary Finan, Chairman  
Joe O'Brien  
Patricia King  
Emer Finnan  
Paddy Marron

## EXECUTIVE BOARD



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

A graduate of UCD, he 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

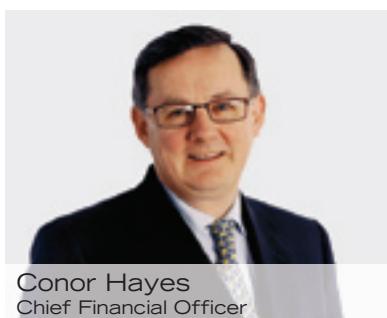
1994, he oversaw the establishment of the channel, Ireland's third national television service. In March 2000, he was appointed Director (and subsequently in 2003 Managing Director) of RTÉ Television and a member of the RTÉ Executive Board.



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

A graduate in Communications from DCU, he 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.



Conor was appointed RTÉ's Chief Financial Officer in October 2001 and also oversees RTÉNL (Network), Publishing IBD, Television Licence Monitoring, Group IT & Technology and Property & Services. He is Chairman of the Trustees of the RTÉ Superannuation Scheme.

A Commerce graduate of UCD, he is a Fellow of the Institute of Chartered

Accountants in Ireland and an Associate Member of the Association of Corporate Treasurers in the UK. Prior to joining RTÉ he held a range of positions in commercial industry including: Deputy Chairman, Cara Treasury; Executive Director, Pleroma Group; Chief Executive, JetPhone; Chief Executive, Ryanair; Chief Financial Officer, Almarai Group; and Manager, SKC Corporate Finance.



Adrian was appointed Director (and subsequently in 2003 Managing Director) of Radio with effect from September 2002. He also oversees the operation of the Performing Groups IBD.

A graduate in English from Oxford University, he 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 RTÉ Raidió na Gaeltachta, the RTÉ Performing Groups, Freedom of Information and as the management representative on the Industrial Relations Tribunal.



Ed was appointed Director of News (and subsequently in 2003 Managing Director) with effect from 1997.

A graduate in Economics and Politics from Trinity College Dublin, he joined RTÉ in 1979 as a Radio Producer in Current Affairs. Subsequently, he was the Assistant Head of Features and Current Affairs in Radio and the

Programme Editor of Television News, editing the *Six One* and *Nine O'Clock News* programmes, and was appointed Managing Editor in the Newsroom Division in 1994.



Bride was appointed Director of Communications with effect from December 2001. She also oversees Group HR.

A graduate in Science from UCD and Computer Practice from Trinity College Dublin, Bride joined RTÉ having previously worked as a teacher, school principal and latterly 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.

# CORPORATE GOVERNANCE

RTÉ Authority members are appointed to ensure that RTÉ is properly accountable to the Government, licence payers, viewers and listeners. In this role, RTÉ Authority members are committed to best practice in 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 revised *Combined Code on Corporate Governance*, as adopted by the Irish Stock Exchange and the London Stock Exchange, are not applicable to RTÉ, namely:

- RTÉ is accountable to the Minister for Communications, Marine and Natural Resources. RTÉ has no share capital. Accordingly, provisions relating to shareholder relations and the conduct of Annual General Meetings are not applicable;
- The Authority is appointed by and its remuneration set by Government. Consequently, those requirements of the *Combined Code* relating to the appointment of Authority members, including the timing of their appointment and the composition of the Authority, and the remuneration of Authority members are inapplicable. Similarly, a performance evaluation of the Authority and its individual members is not considered appropriate; and
- The remuneration of the Director-General is set within a range determined by the Ministers for Finance and Communications, Marine and Natural Resources

However, RTÉ supports the principles and provisions of the *Combined Code* and has therefore undertaken appropriate steps to achieve compliance with its principal requirements, insofar as these are relevant to RTÉ.

## Compliance statement

RTÉ has complied throughout the financial year under review and up to the date of this report with:

- a) the specific provisions of the Framework Code of Best Practice for Corporate Governance in State Bodies as set out in the *Code of Practice for the Governance of State Bodies*; and

- b) the provisions in the Principles of Good Governance in section 1 of the *Combined Code* that are relevant to RTÉ, except that:

- RTÉ has not appointed a Senior Independent Authority member; and
- The details of Authority members' remuneration on page 37 does not include amounts paid to Authority members in their capacity as employees or programme contributors, but does include amounts paid to them by way of fees.

## RTÉ Authority

Under the terms of the *Broadcasting Authority Act, 1960* and subsequent legislation, RTÉ Authority members are appointed by the Government for a period not exceeding five years, with membership numbering between seven and nine members, one of whom the Government appoints as chairman. At present, the Authority comprises nine members, one of whom was appointed following an election by staff. Each member's term of office will terminate on 20 June 2008.

Authority members have varied backgrounds, skills and experience and each brings independent judgement to bear by constructively challenging the Director-General and Executive Board and helping to develop RTÉ's strategic objectives. They act as trustees for the public interest, while executive management takes responsibility for day-to-day operations. Biographical details of Authority members are set out on pages 26 and 27 and of the Executive Board on pages 28 and 29.

On appointment, all Authority members are provided with briefing documents on RTÉ and its operations.

The Authority meets in accordance with a regular schedule of meetings and also meets on other occasions as considered necessary. All Authority members have full and timely access to the information necessary to enable them to discharge their duties. Full Authority papers are sent to each Authority member in sufficient time before Authority meetings and any further papers or information are readily available to all Authority members on request. There is a clear distinction between the responsibilities at the head of RTÉ through the separation of the position of chairman of the Authority, who is non-executive, and the Director-General.

Authority members have access to advice and the services of the RTÉ Group Secretary who is responsible for ensuring the Authority procedures are followed and that applicable rules and regulations are complied with. RTÉ's professional



advisors are available for consultation with the Authority, as required. Individual Authority members may take independent professional advice and training, if necessary, at the expense of RTÉ.

The Authority has a policy in place which indemnifies Authority members in the event of legal actions taken against them in the course of their duties as Authority members.

There is a formal schedule of matters reserved to the Authority for consideration and decision, but certain other matters are delegated to Authority committees. The committees comprise the Remuneration and Management Development Committee, Programme Committee, Audit Committee and Corporate Development Committee. The Authority papers sent to Authority members prior to each Authority meeting include the minutes of all committee meetings which have been held since the previous Authority meeting and the chairman of each committee is available to report on the committee's proceedings at Authority meetings, if appropriate.

Membership of these committees is set out on page 27 and details of the number of committee meetings and meeting attendance is set out on page 33.

The *Audit Committee* has written terms of reference and meets a minimum of four times a year. It comprises three Authority members, all of whom are considered independent. The responsibilities of the Audit Committee are set out in the Audit Committee Report on pages 35 and 36.

The *Remuneration and Management Development Committee* comprises four 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 responsibilities of the Remuneration and Management Development Committee are set out in the Remuneration Report on pages 37 and 38.

The *Programme Committee* comprises three Authority members, all of whom are considered independent. This committee considers key developments and plans in respect of television and radio programmes and schedules. At each of its meetings, the committee meets with the Managing Directors of Radio, Television and News & Current Affairs and their senior management colleagues and reviews programme output and upcoming strategy and plans. The Chairman of the Programme Committee is the Authority's representative on the RTÉ Audience Council and she keeps the Committee briefed on the Council's deliberations.

The *Corporate Development Committee* comprises five Authority members, four of whom are considered independent and one of whom is an employee. This committee was appointed during the last quarter of 2005 to focus on the preparation of a corporate plan for consideration and adoption by the Authority.

#### **RTÉ Authority members' remuneration**

The Authority's report on Authority members' remuneration is set out on pages 37 and 38.

#### **Independence of Members of the Authority**

Each Authority member brings independent judgment, challenge and rigour to the Authority's deliberations. The Authority has reviewed the independence of its members using the guidelines of the *Combined Code*. Having regard for the integrity, strength of character and objectivity of Authority members, all Authority members are considered independent under those criteria except for Anne Doyle, who was a member of the 14th Authority, and Joe O'Brien, who is a member of the 15th Authority, both of whom are RTÉ employees. For this reason alone, these Authority members do not meet the independence criteria of the *Combined Code*.

Due to a potential conflict of interest regarding the television rights to the Ryder Cup, Fintan Drury resigned from the Authority with effect from 19 January 2006.

#### **Relationship with Government and licence holders**

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. The Chairman of the Authority and executive management meet regularly with Government to discuss operating and financial performance.

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

# CORPORATE GOVERNANCE CONTINUED

## Internal Control

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

The Authority confirms that an ongoing process for identifying, evaluating and managing RTÉ's significant risks has operated throughout the year and up to the date of approval of the financial statements. This process accords with the Turnbull Guidance (*Internal Control: Guidance for Directors on the Combined Code*), issued in September 1999.

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.

These controls are reviewed systematically by internal audit, on a risk based approach. The Head of Internal Audit reports to the Director-General and to the Audit Committee and has direct access to the Audit Committee chairman.

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 and reported thereon to the Authority.

The process adopted by the Authority to undertake the review of the effectiveness of the system of internal controls included:

- Consideration of the authority, resources and co-ordination of those involved in the identification, assessment and management of significant risks faced by RTÉ;
- Review and consideration of the output of the risk assessment and management process;
- Monitoring of risk reports from management;
- Review of the programme of internal audit and consideration of major findings; and
- Review of the report of the external auditors, who, as part of their normal procedures, test aspects of the systems of internal control and report any significant weaknesses to the Audit Committee.

## Going concern

After making enquires, the members of the Authority have a reasonable expectation that RTÉ has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

**Attendance at Authority and Authority committee meetings during the year ended 31 December 2005**

	Authority		Remuneration and management development		Programme		Audit		Corporate development	
	A	B	A	B	A	B	A	B	A	B
<i>Serving on the 14th RTÉ Authority</i>										
Patrick J Wright <sup>(1)</sup>	4	3	2	2						
Joe Barry <sup>(1)</sup>	4	3					3	2		
Anne Doyle <sup>(1)</sup>	4	2			1	-				
Des Geraghty <sup>(1)</sup>	4	4	2	2						
Maura Hayes <sup>(1)</sup>	4	4			1	1				
Garry Hynes <sup>(1)</sup>	4	1			1	1				
Mary Peters <sup>(1)</sup>	4	4	2	2						
<i>Serving on both the 14th and 15th RTÉ Authority</i>										
Paddy Marron <sup>(2)</sup>	8	8			1	1	7	7	-	
Stephen O'Byrnes <sup>(2)</sup>	8	8	-		1	1	3	2		
<i>Serving on the 15th RTÉ Authority</i>										
Mary Finan <sup>(6)</sup>	-		-							-
Fintan Drury <sup>(4)</sup>	4	4	-						2	2
Maria Killian <sup>(3)</sup>	4	4	-		1	1				
Patricia King <sup>(3)</sup>	4	4					4	4	2	2
Ian Malcolm <sup>(3)</sup>	4	4	-		1	1				
Úna Ní Chonaire <sup>(3)</sup>	4	4			1	1				
Emer Finnan <sup>(5)</sup>	2	2					4	3	2	2
Joe O'Brien <sup>(5)</sup>	2	2							2	2

Column A indicates the number of meetings held during the period the Authority member was a member of the Authority and/or Committee.

Column B indicates the number of meetings attended during the period the Authority member was a member of the Authority and/or Committee.

(1) : Term of office terminated on 31 May 2005

(2) : Term of office terminated on 31 May 2005. Subsequently reappointed with effect from 21 June 2005

(3) : Appointed with effect from 21 June 2005

(4) : Appointed with effect from 21 June 2005. Resigned 19 January 2006

(5) : Appointed with effect from 14 September 2005

(6) : Appointed 21 February 2006

# AUTHORITY MEMBERS' REPORT

The members of the RTÉ Authority present their report together with the audited Group financial statements for the year ended 31 December 2005.

## 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 Transmission Network 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 online services.

## Business review

Detailed reviews of the performance during 2005 are set out in the Director-General's review on pages 6 to 21 and in the financial review on pages 22 to 25. These reviews encompass the principal risks and uncertainties faced by the Group and analysis of its key performance indicators, financial and non-financial.

RTÉ's performance in meeting its annual commitments to its viewers and listeners, as set out in its *Statement of Commitments 2005*, are reviewed on pages 87 to 92.

## Members of the Authority

The term of office of the 14th Authority ended on 31 May 2005. The 15th Authority was appointed with effect from 21 June 2005. The names of the persons who served as members of the Authority at any time during the year ended 31 December 2005 are set out on page 33.

## Corporate governance

RTÉ's corporate governance arrangements are set out in the annual report as follows:

Corporate governance	pages 30 to 33
Audit committee report	pages 35 to 36
Remuneration report	pages 37 to 38
Authority members' profiles	pages 26 to 27
Statement of Authority members' responsibilities	page 39

## Books and records

The RTÉ Authority members are responsible for ensuring that proper books and accounting records are maintained. The measures taken 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 hAbhann, 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 11 to the financial statements.

## Political donations

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

On behalf of the Authority

**Mary Finan** *Chairman*  
**Cathal Goan** *Director-General*  
**Paddy Marron** *Authority Member and Chairman of the Audit Committee*

9 March 2006

# AUDIT COMMITTEE REPORT

## Membership and meetings

The Audit Committee meets a minimum of four times a year. There were seven meetings during 2005. It comprises three Authority members, currently Paddy Marron, Emer Finnan and Patricia King, all of whom are considered independent. It is chaired by Paddy Marron, who also served as Chairman of the Audit Committee for the 14th Authority. Both Paddy Marron and Emer Finnan are chartered accountants and have recent relevant financial experience.

The Director-General, Chief Financial Officer and Head of Internal Audit normally attend meetings of the committee, while the external auditors attend as required. Both the Head of Internal Audit and the external auditors have full and unrestricted direct access to the committee Chairman at all times. In addition, the Audit Committee has a discussion with external and internal auditors at least once a year, without executive management present, to ensure that there are no outstanding issues of concern.

## Responsibilities

The Audit Committee is responsible for:

- Selecting and appointing the external auditors, approving their terms of reference and fees and determining with the external auditors the nature and scope of the audit work;
- Reviewing each year the performance, independence and objectivity of the external auditors. In doing so, the committee makes appropriate enquiries of management and internal audit;
- Monitoring and reviewing the resources, scope and effectiveness of internal audit (including approving the appointment or removal of the Head of Internal Audit) and agreeing the internal audit programme for the forthcoming year;
- Reviewing the procedures for handling allegations from 'whistle blowers';
- Reviewing reports from both management and internal audit on the effectiveness of systems of internal control. This includes considering all internal audit reports, management's response to any recommendations and monitoring the progress of any required actions. The Head of Internal Audit presents a report at each Audit Committee meeting, summarising work completed since the previous meeting and the findings, together with the areas of focus in the forthcoming period; and
- Reviewing, prior to formal submission to the Authority, the Group's annual financial statements and, in particular:
  - any significant issues arising from the external audit;
  - the accounting policies;
  - any issues requiring a significant element of judgement;
  - the clarity of disclosures;
  - compliance with applicable accounting and legal standards; and
  - the statements on internal control.

The detailed terms of reference of the Audit Committee are available on the RTÉ website.

# AUDIT COMMITTEE REPORT CONTINUED

## **Independence and objectivity of the external auditors**

The Audit 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;
- Obtaining from the external auditors an account of all relationships between the auditors and the Group;
- Monitoring the number of former employees of the external auditors currently employed in senior positions in the Group and assessing whether these appointments impair, or appear to impair, the auditors' judgement or independence;
- 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; and
- Reviewing the economic importance of the Group to the external auditors and assessing whether that importance impairs, or appears to impair, the external 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. This includes the use of independent concurring partners, use of a technical review board (where appropriate) and annual independence confirmations by all staff. The external auditors report to the Audit Committee on matters including independence and non-audit fees on an annual basis. In addition, the role of the audit partner is rotated on a periodic basis.

## **Provision of services by the external auditors**

The level of non audit-related services provided by the external auditors and the associated fees is considered annually by the Audit Committee in the context of the external auditors' independence as part of the Audit Committee's review of the adequacy and objectivity of the external audit process. Details of the nature of non-audit services obtained from KPMG during the year and the related fees are set out in note 7 to the financial statements.

On behalf of the Authority

**Paddy Marron** *Chairman of the Audit Committee*

# REMUNERATION REPORT

## Composition of Remuneration and Management

### Development Committee

The Remuneration and Management Development Committee currently comprises four Authority members, Mary Finan, Stephen O'Byrnes, Maria Killian and Ian Malcolm, all of whom are considered independent, and is assisted, as appropriate, by a nominee from the Department of Communications, Marine and Natural Resources.

The committee has written terms of reference. It considers all aspects of the remuneration of the Director-General and senior management generally and makes recommendations to the Authority, having regard to Government policy in relation to the remuneration of executive management of State Bodies. The committee has also reviewed the top talent contracts.

The remuneration of Authority members is determined by Government. The committee considers the targets, performance and remuneration of the Director-General and makes recommendations to the Authority prior to seeking Government approval thereon. The committee also develops RTÉ's policy on executive remuneration and considers and approves salaries and other terms of the remuneration package for executive management, having regard to Government policy in relation to remuneration of executive management of State Bodies. The Director-General is fully consulted about remuneration proposals for other senior management and outside advice is sought when necessary.

## Emoluments of Authority members

	2005 €'000	2004 €'000
<b>Authority members<sup>1</sup></b>		
<i>Serving on the 14th RTÉ Authority:</i>		
Patrick J Wright	8	19
Joe Barry <sup>2, 4</sup>	5	13
Anne Doyle <sup>3</sup>	5	13
Des Geraghty <sup>4</sup>	5	13
Maura Hayes	5	13
Garry Hynes	5	13
Mary Peters	5	13
<i>Serving on both the 14th and the 15th RTÉ Authority:</i>		
Paddy Marron	12	13
Stephen O'Byrnes <sup>4</sup>	12	13
<i>Serving on the 15th RTÉ Authority:</i>		
Mary Finan <sup>5</sup>	-	-
Fintan Drury <sup>6</sup>	10	-
Emer Finnan <sup>7</sup>	4	-
Maria Killian	7	-
Patricia King <sup>4</sup>	7	-
Ian Malcolm <sup>4</sup>	7	-
Úna Ní Chonaire <sup>4</sup>	7	-
Joe O'Brien <sup>3,7</sup>	4	-
	<b>108</b>	<b>123</b>

1: All members of the Authority are non-executive.

2: Joe Barry's pension costs are included within the RTÉ Superannuation Scheme.

3: In addition to their Authority fees, Anne Doyle and Joe O'Brien were paid as employees of RTÉ.

4: In addition to their Authority fees, Joe Barry, Des Geraghty, Stephen O'Byrnes, Patricia King, Úna Ní Chonaire and Ian Malcolm received immaterial amounts in 2005 for programme contributions.

5: Appointed 21 February 2006.

6: Resigned with effect from 19 January 2006.

7: Appointed with effect from 14 September 2005.

# REMUNERATION REPORT CONTINUED

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.

## Interests of Authority members in share capital

As a State Body, RTÉ does not have any share capital. The members of the RTÉ Authority have no beneficial interests in the share capital of any of RTÉ's subsidiary undertakings.

## Emoluments of Director-General

	2005	2004
	€'000	€'000
Cathal Goan		
- Basic salary	259	235
- Arrears of basic salary	13	10
- Performance related pay	42	-
- Pension contributions	22	20
- Other benefits	27	31
	<b>363</b>	296

Performance related pay in 2005 above was in respect of 2004 performance.

Cathal Goan is a member of the RTÉ Superannuation Scheme. His pension benefits earned during the year and total accrued pension at 31 December 2005 were as follows:

	Increase in accrued pension during 2005 <sup>1</sup> €'000	Transfer value of increase <sup>2</sup> €'000	Total accrued pension at year end <sup>3</sup> €'000
Cathal Goan	3	56	116

1 The increase in accrued pension during the year excludes inflation.

2 The transfer value of the increase in accrued pension has been calculated on the basis of actuarial advice. This transfer value does not represent sums paid or due, but is the amount that the pension scheme would transfer to another pension scheme in relation to the benefits accrued in 2005 in the event of the member leaving service.

3 Accrued pension shown is that which would be paid annually on normal retirement date, based on service to the end of the year.



# STATEMENT OF AUTHORITY MEMBERS' RESPONSIBILITIES

The RTÉ Authority members are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Broadcasting legislation requires the RTÉ Authority to prepare RTÉ and Group financial statements for each financial year. Under that legislation, the RTÉ Authority members have elected to prepare the RTÉ and Group financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The RTÉ and Group financial statements are required by law to 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 each of the RTÉ and Group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that RTÉ and the Group 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 are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The RTÉ Authority members are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Authority

**Mary Finan** *Chairman*  
**Cathal Goan** *Director-General*  
**Paddy Marron** *Authority Member and Chairman of the Audit Committee*

9 March 2006

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE RTÉ AUTHORITY

We have audited the RTÉ and Group financial statements ('the financial statements') for the year ended 31 December 2005, which comprise the Group statement of income and expenditure, the RTÉ and Group balance sheets, the Group cash flow statement, the Group statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than 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' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and the Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the statement of Authority members' responsibilities on page 39.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory responsibilities and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been 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 and whether the information in the Annual Report is consistent with the financial statements. In addition, we state whether we have obtained all the information necessary for the purposes of our audit and whether the RTÉ financial statements are in agreement with the books of account.

We review, at the request of the Authority, whether the corporate governance statement on page 30 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 and consider whether it is consistent with the audited financial statements. This other information comprises the Authority Members' report, the Chairman's statement, the Director-General's review, financial review, corporate governance statement, audit committee report and remuneration report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with generally accepted accounting practice in Ireland, of the state of affairs of RTÉ and the Group as at 31 December 2005 and of the Group's surplus and cash flows for the year then ended; and
- the financial statements 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.

In our opinion, the information given in the Authority members' report is consistent with the financial statements.

## **KPMG**

*Chartered Accountants*  
Registered Auditor  
Dublin  
9 March 2006

# STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been applied consistently, except for the accounting policy on pensions and post retirement benefits which has been changed to adopt FRS 17 'Retirement Benefits', 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.

## Changes in accounting policies

The Group financial statements have been prepared using the same accounting policies as set out in the financial statements for the year ended 31 December 2004, with the exception of the accounting policy on retirement benefits following the adoption of FRS 17 'Retirement Benefits'. In prior years, the Group complied with the transitional disclosure requirements of this standard. The adoption of FRS 17 represents a change in accounting policy and the comparative figures have been restated accordingly.

The effect of the change in accounting policy on retirement benefits was to increase the Group surplus for the year by €7,176,000 (2004: €11,899,000), comprising an increase in staff costs of €5,009,000 (2004: €3,831,000) and an increase in other finance income of €12,185,000 (2004: €15,730,000), and to recognise an actuarial loss in the statement of total recognised gains and losses of €7,140,000 (2004: €60,228,000). The effect of this change in accounting policy on the Group balance sheet was to increase the pension asset by €36,000 (2004: reduce by €48,329,000), with a corresponding increase (2004: reduction) in the income and expenditure account reserve.

## Basis of consolidation

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

## 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 primarily 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 part-funded by way of grants-in-aid received from the Exchequer. This expenditure has been offset, in the statement of income and expenditure, against the related grants-in-aid.

Prepaid grant-in-aid originally received from the Exchequer as capital grants in relation to transmission assets is amortised in the statement of income and expenditure 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.

## 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 payable by the Department of Social and Family Affairs (DSFA) on behalf of individuals eligible for a "free" Television Licence is paid directly by that Department to the Department of Communications, Marine and Natural Resources (DCMNR). All other Licence Fee revenue is collected by An Post and paid over to DCMNR, net of collection costs. DCMNR makes a non-repayable "grant-in-aid" to RTÉ, as provided in Section 8 of the *Broadcasting Authority (Amendment) Act, 1976*, in lieu of the amounts collected by An Post, net of collection costs and the 5% levy to the Special Broadcasting Fund, together with the amounts paid to it by DSFA.

# STATEMENT OF ACCOUNTING POLICIES CONTINUED

## *Advertising and sponsorship income*

Television advertising income is recognised when agreed advertising ratings are delivered. All other advertising income is recognised on transmission/publication. Advertising income is stated net of agency commissions. Sponsorship income is recognised evenly over the life of the sponsored programme, publication etc.

## *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 the 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 Scheme, the RTÉ Defined Contribution Pension Scheme and other defined contribution schemes, makes pension contributions for a substantial number of employees.

In relation to the defined contribution schemes, contributions are accrued and recognised in operating surplus or loss in the period in which they are earned by the relevant employees.

For the RTÉ Superannuation Scheme, a defined benefit scheme, the difference between the market value of the scheme's assets and the actuarially assessed present value of the scheme's liabilities, calculated using the projected unit credit method, is disclosed as an asset/liability in the balance sheet, net of deferred tax (to the extent that it is recoverable). The amount charged to operating surplus is the actuarially determined cost of pension benefits promised to employees earned during the year plus any benefit improvements granted to members during the year.

The expected return on the Superannuation Scheme's assets during the year and the increase in the scheme's liabilities due to the unwinding of the discount during the year are shown as financing costs in the statement of income and expenditure. Any difference between the expected return on assets and that actually achieved, and any changes in the liabilities due to changes in assumptions or because actual experience during the year was different to that assumed, are recognised as actuarial gains and losses in the statement of total recognised gains and losses.

## **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 revenue earned prior to 31 December 2005 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.

### **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 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 commissioning 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 FRS 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.

### **Liquid resources**

Liquid resources comprise short-term deposits and current asset investments which are either readily convertible into known amounts of cash at or close to their carrying values or are traded in an active market.

For the purposes of cash flow reporting, and in accordance with FRS 1 'Cash flow statements', all deposits classified as 'Cash at hand and at bank' in the balance sheet, with the exception of current accounts and demand deposits, are treated as 'Liquid resources' in the Group 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 FRS 8 'Related party disclosures' and therefore does not disclose transactions between Group undertakings.

# GROUP STATEMENT OF INCOME AND EXPENDITURE

for the year ended 31 December 2005

	Notes	2005			2004		
		Under SSAP24 €'000	FRS 17 impact <sup>1</sup> €'000	Total €'000	Under SSAP24 €'000	FRS 17 impact <sup>1</sup> €'000	Total (as restated) €'000
<b>Revenue</b>	1	<b>369,888</b>	-	369,888	<b>342,882</b>	-	342,882
Operating costs before interest, tax, depreciation and amortisation		<b>(346,338)</b>	(5,009)	(351,347)	<b>(315,308)</b>	(3,831)	(319,139)
Operating costs of STnaG, net of revenue		<b>(1,146)</b>	-	(1,146)	-	-	-
<b>Operating surplus before interest, tax, depreciation and amortisation</b>		<b>22,404</b>	(5,009)	17,395	<b>27,574</b>	(3,831)	23,743
<b>Depreciation and amortisation</b>							
Continuing operations, excl. STnaG	7	<b>(15,177)</b>	-	(15,177)	<b>(15,672)</b>	-	(15,672)
STnaG depreciation, net of capital grant amortisation	7	<b>(778)</b>	-	(778)	-	-	-
Write-down of plant and equipment/ fixtures and fittings	3	-	-	-	<b>(8,272)</b>	-	(8,272)
Building impairment charge	3	-	-	-	<b>(10,767)</b>	-	(10,767)
		<b>6,449</b>	(5,009)	1,440	<b>(7,137)</b>	(3,831)	(10,968)
Gain on disposal of tangible fixed assets		<b>104</b>	-	104	<b>31</b>	-	31
Gain on disposal of financial assets	11	<b>505</b>	-	505	-	-	-
Excess of insurance proceeds received by STnaG over related asset values	7	<b>1,075</b>	-	1,075	-	-	-
Gain on disposal of surplus transmitter site before capital gains tax	4	-	-	-	<b>16,588</b>	-	16,588
<b>Surplus before interest and tax</b>		<b>8,133</b>	(5,009)	3,124	<b>9,482</b>	(3,831)	5,651
Interest receivable and similar income	5	<b>1,597</b>	-	1,597	<b>1,160</b>	-	1,160
Interest payable and similar charges	6	<b>(445)</b>	-	(445)	<b>(571)</b>	-	(571)
Other finance income	5,16	-	12,185	12,185	-	15,730	15,730
<b>Surplus on ordinary activities before taxation</b>	7	<b>9,285</b>	7,176	16,461	<b>10,071</b>	11,899	21,970
<b>Tax on surplus on ordinary activities</b>							
Corporation tax on surplus on ordinary activities	9	-	-	-	-	-	-
Capital gains tax arising on gain on disposal of surplus transmitter site	4	-	-	-	<b>(3,266)</b>	-	(3,266)
<b>Surplus for the year</b>		<b>9,285</b>	7,176	16,461	<b>6,805</b>	11,899	18,704

<sup>1</sup> : See note 16.

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

On behalf of the Authority

**Mary Finan**  
Chairman

**Cathal Goan**  
Director-General

**Paddy Marron**  
Authority Member  
and Chairman of  
the Audit Committee

## MOVEMENTS IN INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 December 2005

	<i>Notes</i>	Year ended 31 December 2005 €'000	Year ended 31 December 2004 (as restated) €'000
Income & expenditure account at 1 January, as originally stated		<b>83,009</b>	76,204
Prior year adjustment on implementation of FRS 17	2	<b>3,217</b>	51,546
Income & expenditure account at 1 January, as restated		<b>86,226</b>	127,750
Surplus for the year		<b>16,461</b>	18,704
Actuarial loss on pension scheme assets	16	<b>(7,140)</b>	(60,228)
<b>Income and expenditure account at 31 December</b>		<b>95,547</b>	86,226

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 2005

	<i>Notes</i>	Year ended 31 December 2005 €'000	Year ended 31 December 2004 (as restated) €'000
Surplus for the financial year		<b>16,461</b>	18,704
Actuarial loss on pension scheme assets	16	<b>(7,140)</b>	(60,228)
<b>Total recognised gains and losses relating to the year</b>		<b>9,321</b>	(41,524)
Prior year adjustment – adoption of FRS 17	2	<b>3,217</b>	
<b>Total recognised gains and losses since last annual report</b>		<b>12,538</b>	

# GROUP BALANCE SHEET

at 31 December 2005

	<i>Notes</i>	31 December 2005 €'000	31 December 2004 (as restated) €'000
<b>Fixed assets</b>			
Tangible assets	10	91,690	93,643
Financial assets	11	-	1,615
		<b>91,690</b>	<b>95,258</b>
<b>Current assets</b>			
Debtors	12	62,402	56,286
Cash in hand and at bank		67,766	63,229
		<b>130,168</b>	<b>119,515</b>
<b>Creditors: amounts falling due within one year</b>	13	<b>(89,200)</b>	<b>(83,512)</b>
<b>Net current assets</b>		<b>40,968</b>	<b>36,003</b>
<b>Total assets less current liabilities</b>		<b>132,658</b>	<b>131,261</b>
Capital grants and grants-in-aid	14	(13,370)	(14,663)
Provision for liabilities and charges	15	(26,994)	(33,589)
<b>Net assets excluding pension asset</b>		<b>92,294</b>	<b>83,009</b>
Pension asset	16	3,253	3,217
<b>Net assets including pension asset</b>		<b>95,547</b>	<b>86,226</b>
<b>Capital and reserves</b>			
Income and expenditure account		95,547	86,226

On behalf of the Authority

**Mary Finan**  
Chairman

**Cathal Goan**  
Director-General

**Paddy Marron**  
Authority Member  
and Chairman of  
the Audit Committee



# GROUP CASH FLOW STATEMENT

for the year ended 31 December 2005

	<i>Notes</i>	Year ended 31 December 2005 €'000	Year ended 31 December 2004 €'000
Net cash inflow from operating activities	<i>19 (a)</i>	<b>20,690</b>	30,821
Payments under restructuring programmes	<i>15</i>	<b>(7,040)</b>	(9,773)
Returns on investments and servicing of finance	<i>19 (b)</i>	<b>1,597</b>	1,159
Taxation	<i>19 (b)</i>	-	(3,266)
Capital expenditure and financial (investment)/divestment	<i>19 (b)</i>	<b>(10,710)</b>	7,022
		<b>4,537</b>	25,963
Management of liquid resources	<i>19 (b)</i>	<b>(5,938)</b>	(24,607)
Net (decrease)/increase in cash balances	<i>19 (c)</i>	<b>(1,401)</b>	1,356

On behalf of the Authority

**Mary Finan**  
Chairman

**Cathal Goan**  
Director-General

**Paddy Marron**  
Authority Member  
and Chairman of  
the Audit Committee

# RTÉ BALANCE SHEET

at 31 December 2005

	<i>Notes</i>	31 December 2005 €'000	31 December 2004 (as restated) €'000
<b>Fixed assets</b>			
Tangible assets	10	56,997	57,131
Financial assets	11	51,355	51,355
		<b>108,352</b>	108,486
<b>Current assets</b>			
Debtors	12	50,598	48,143
Cash in hand and at bank		66,832	62,256
		<b>117,430</b>	110,399
<b>Creditors: amounts falling due within one year</b>	13	<b>(133,542)</b>	(119,484)
<b>Net current liabilities</b>		<b>(16,112)</b>	(9,085)
<b>Total assets less current liabilities</b>		<b>92,240</b>	99,401
Provisions for liabilities and charges	15	(26,994)	(33,589)
<b>Net assets excluding pension asset</b>		<b>65,246</b>	65,812
Pension asset	16	3,253	3,217
<b>Net assets including pension asset</b>		<b>68,499</b>	69,029
<b>Capital and reserves</b>			
Income and expenditure account		<b>68,499</b>	69,029

On behalf of the Authority

**Mary Finan**  
Chairman

**Cathal Goan**  
Director-General

**Paddy Marron**  
Authority Member  
and Chairman of  
the Audit Committee

# NOTES FORMING PART OF THE GROUP FINANCIAL STATEMENTS

## 1 Principal activities 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 licensing 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. 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 and interest received are not allocated to IBDs. (In addition, the exceptional building impairment depreciation charge and the gain on the disposal of the Beaumont site in 2004 were not allocated to IBDs).

A detailed list of RTÉ's activities, together with the IBD in which they are carried out and the legal entity in which they are reported, an appreciation of which are necessary to interpret this segmental information, is set out in note 11 to these financial statements.

### Analysis of revenues, 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 by 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 schedules set out at 1(a)), the costs of the News and Current Affairs IBD are disclosed separately from Television and Radio.

RTÉNL invoices all IBDs on the basis of a published tariff model, inclusive of margin.

The information presented in respect of the Television and News and Current Affairs IBDs includes costs and charges in relation to RTÉ's statutory obligation to provide programmes to TG4 in accordance with Government policy (see 1(b) below).

## NOTES CONTINUED

### 1 Principal activities and segmental information

*(continued)*

#### **Analysis of revenues, costs and surplus/(deficit) by channel, service and broadcasting genre and between public service and non-public service activities**

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 costs 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.

In 2005, a deficit was reflected in the accounts of Seirbhísí Theilifís na Gaeilge Teoranta. In conformity with the principle of attributing Licence Fee revenue to activities that have a limited capacity to generate commercial revenue in their own right, Licence Fee revenue has been attributed to fund the Group effect of this deficit.

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 comprise:

- 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; and
- 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 on RTÉ's two 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. Consequently, 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.

## 1 Principal activities and segmental information

*(continued)*

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 or RTÉ Radio IBDs, together with applicable consolidation adjustments.

In addition, the schedules set out 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 in this report, because of 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, costs and surplus/(deficit)**

In 1(c) 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.

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 and by way of the amortisation of grants-in-aid previously received. The support costs and charges provided to TG4 arising from within other parts of RTÉ, together with the Group effect of the deficit incurred by STnaG in 2005, are funded by attribution of Licence Fee revenue, as referred to earlier.

### **Analysis of network charges to all RTÉ services (including TG4)**

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

### **Analysis of net assets by IBD**

In 1(e) 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 assets 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 activities and segmental information (continued)

## (a) Segment Information by IBD, in line with RTÉ's organisational structure, year ended 31 December 2005:

	Television IBD €'000	Radio IBD €'000	News & Current Affairs IBD €'000	Performing Groups IBD €'000	Network IBD €'000
<b>Revenue</b>					
Advertising income	124,078	36,820	-	4	-
Sponsorship income	5,835	1,563	-	215	-
Facilities income	2,063	231	-	601	-
Circulation and event income	-	-	-	1,441	-
Transmission, mast & towers income	-	-	-	-	24,088
Content, merchandising and related sales	4,818	1,482	-	46	-
Other commercial revenue	41	-	-	-	-
Commercial revenue	136,835	40,096	-	2,307	24,088
Licence Fee revenue attribution	88,041	21,622	47,258	13,210	-
	<b>224,876</b>	<b>61,718</b>	<b>47,258</b>	<b>15,517</b>	<b>24,088</b>
<b>Costs by output category</b>					
<b>Programme costs – by source</b>					
In-house productions	(83,562)	(50,051)	(49,279)	-	-
Statutory commissions	(29,372)	-	-	-	-
Non-statutory commissions	(45,169)	-	(98)	-	-
Indigenous programming	(158,103)	(50,051)	(49,377)	-	-
Acquired programmes – Ireland	(504)	-	-	-	-
Acquired programmes – overseas	(21,629)	(3)	-	-	-
	(180,236)	(50,054)	(49,377)	-	-
General broadcast & transmission costs	(20,549)	(506)	(152)	-	(18,156)
RTÉNL transmission and power charges	(6,115)	(6,122)	-	-	-
Sales costs	(5,904)	(2,247)	-	-	-
Other operating costs	(4,684)	(518)	-	(15,517)	-
	<b>(217,488)</b>	<b>(59,447)</b>	<b>(49,529)</b>	<b>(15,517)</b>	<b>(18,156)</b>
<b>Unallocated revenues and costs</b>					
Operating costs of STnaG, net of revenue	-	-	-	-	-
Gain on disposal of financial assets	-	-	-	-	-
Net interest receivable	-	-	-	-	-
Impact of FRS 17	-	-	-	-	-
	-	-	-	-	-
<b>NET SURPLUS / (DEFICIT)</b>	<b>7,388</b>	<b>2,271</b>	<b>(2,271)</b>	<b>-</b>	<b>5,932</b>

Publishing IBD €'000	Corporate HQ €'000	Consolidation Adjustments €'000	Group total (under SSAP 24) €'000	FRS 17 impact €'000	Group total (post FRS 17) €'000	
5,172	-	(953)	165,121	-	165,121	<b>Revenue</b>
522	-	(75)	8,060	-	8,060	Advertising income
-	-	(371)	2,524	-	2,524	Sponsorship income
5,277	-	-	6,718	-	6,718	Facilities income
-	-	(15,420)	8,668	-	8,668	Circulation and event income
2,301	-	(56)	8,591	-	8,591	Transmission, mast & towers income
34	28	(28)	75	-	75	Content, merchandising and related sales
						Other commercial revenue
13,306	28	(16,903)	199,757	-	199,757	Commercial revenue
-	-	-	170,131	-	170,131	Licence Fee revenue attribution
<b>13,306</b>	<b>28</b>	<b>(16,903)</b>	<b>369,888</b>	<b>-</b>	<b>369,888</b>	
						<b>Costs by output category</b>
						<b>Programme costs – by source</b>
-	-	19	(182,873)	-	(182,873)	In-house productions
-	-	-	(29,372)	-	(29,372)	Statutory commissions
-	-	-	(45,267)	-	(45,267)	Non-statutory commissions
-	-	19	(257,512)	-	(257,512)	Indigenous programming
-	-	-	(504)	-	(504)	Acquired programmes – Ireland
-	-	-	(21,632)	-	(21,632)	Acquired programmes – overseas
-	-	19	(279,648)	-	(279,648)	
-	-	4,611	(34,752)	-	(34,752)	General broadcast & transmission costs
-	-	12,237	-	-	-	RTÉNL transmission and power charges
(1,553)	-	212	(9,492)	-	(9,492)	Sales costs
(11,692)	(6,179)	1,136	(37,454)	-	(37,454)	Other operating costs
<b>(13,245)</b>	<b>(6,179)</b>	<b>18,215</b>	<b>(361,346)</b>	<b>-</b>	<b>(361,346)</b>	
						<b>Unallocated revenues and costs</b>
-	-	(849)	(849)	-	(849)	Operating costs of STnaG, net of revenue
505	-	-	505	-	505	Gain on disposal of financial assets
-	1,087	-	1,087	-	1,087	Net interest receivable
-	-	-	-	7,176	7,176	Impact of FRS 17
<b>505</b>	<b>1,087</b>	<b>(849)</b>	<b>743</b>	<b>7,176</b>	<b>7,919</b>	
<b>566</b>	<b>(5,064)</b>	<b>463</b>	<b>9,285</b>	<b>7,176</b>	<b>16,461</b>	<b>NET SURPLUS / (DEFICIT)</b>

## NOTES CONTINUED

## 1 Principal activities and segmental information (continued)

## (a) Segment Information by IBD, in line with RTÉ's organisational structure, year ended 31 December 2004:

	Television IBD €'000	Radio IBD €'000	News & Current Affairs IBD €'000	Performing Groups IBD €'000	Network IBD €'000
<b>Revenue</b>					
Advertising income	106,349	33,614	-	7	-
Sponsorship income	5,000	1,217	-	209	-
Facilities income	2,265	222	-	307	-
Circulation and event income	-	-	-	1,307	-
Transmission, mast and towers income	-	-	-	-	21,774
Content, merchandising and related sales	3,791	1,561	-	53	-
Other commercial revenue	-	-	-	-	164
Commercial revenue	117,405	36,614	-	1,883	21,938
Licence Fee revenue attribution	86,102	21,376	45,947	12,739	-
	<b>203,507</b>	<b>57,990</b>	<b>45,947</b>	<b>14,622</b>	<b>21,938</b>
<b>Costs by output category</b>					
<b>Programme costs – by source</b>					
In-house productions	(84,928)	(47,232)	(47,650)	-	-
Statutory commissions	(28,619)	-	-	-	-
Non-statutory commissions	(22,043)	(99)	(195)	-	-
Indigenous programming	(135,590)	(47,331)	(47,845)	-	-
Acquired programmes – Ireland	(550)	(4)	-	-	-
Acquired programmes – overseas	(23,040)	-	-	-	-
	(159,180)	(47,335)	(47,845)	-	-
General broadcast & transmission costs	(18,056)	(635)	(338)	-	(22,420)
RTÉNL transmission and power charges	(5,503)	(5,488)	-	-	-
Sales costs	(7,636)	(1,774)	-	-	-
Other operating costs	(4,756)	(522)	-	(14,622)	-
	<b>(195,131)</b>	<b>(55,754)</b>	<b>(48,183)</b>	<b>(14,622)</b>	<b>(22,420)</b>
<b>Unallocated revenues and costs</b>					
Building impairment charge	-	-	-	-	-
Net gain on disposal of surplus site	-	-	-	-	-
Net interest receivable	-	-	-	-	-
Impact of FRS 17	-	-	-	-	-
	-	-	-	-	-
<b>NET SURPLUS / (DEFICIT)</b>	<b>8,376</b>	<b>2,236</b>	<b>(2,236)</b>	<b>-</b>	<b>(482)</b>



Publishing IBD €'000	Corporate HQ €'000	Consolidation Adjustments €'000	Group total (under SSAP24) €'000	FRS 17 impact €'000	Group total (post FRS 17) €'000	
4,616	-	(442)	144,144	-	144,144	<b>Revenue</b>
553	-	-	6,979	-	6,979	Advertising income
-	-	-	2,794	-	2,794	Sponsorship income
5,243	-	-	6,550	-	6,550	Facilities income
-	-	(13,910)	7,864	-	7,864	Circulation and event income
1,847	-	-	7,252	-	7,252	Transmission, mast and towers income
971	28	(28)	1,135	-	1,135	Content, merchandising and related sales
						Other commercial revenue
13,230	28	(14,380)	176,718	-	176,718	Commercial revenue
-	-	-	166,164	-	166,164	Licence Fee revenue attribution
<b>13,230</b>	<b>28</b>	<b>(14,380)</b>	<b>342,882</b>	<b>-</b>	<b>342,882</b>	
						<b>Costs by output category</b>
-	-	-	(179,810)	-	(179,810)	<b>Programme costs – by source</b>
-	-	-	(28,619)	-	(28,619)	In-house productions
-	-	-	(22,337)	-	(22,337)	Statutory commissions
						Non-statutory commissions
-	-	-	(230,766)	-	(230,766)	Indigenous programming
-	-	-	(554)	-	(554)	Acquired programmes – Ireland
-	-	-	(23,040)	-	(23,040)	Acquired programmes – overseas
-	-	-	(254,360)	-	(254,360)	
-	-	2,837	(38,612)	-	(38,612)	General broadcast & transmission costs
-	-	10,991	-	-	-	RTÉNL transmission and power charges
(1,470)	-	-	(10,880)	-	(10,880)	Sales costs
(10,655)	(5,218)	442	(35,331)	-	(35,331)	Other operating costs
<b>(12,125)</b>	<b>(5,218)</b>	<b>14,270</b>	<b>(339,183)</b>	<b>-</b>	<b>(339,183)</b>	
						<b>Unallocated revenues and costs</b>
-	(10,767)	-	(10,767)	-	(10,767)	Building impairment charge
-	13,322	-	13,322	-	13,322	Net gain on disposal of surplus site
-	551	-	551	-	551	Net interest receivable
-	-	-	-	11,899	11,899	Impact of FRS 17
<b>-</b>	<b>3,106</b>	<b>-</b>	<b>3,106</b>	<b>11,899</b>	<b>15,005</b>	
<b>1,105</b>	<b>(2,084)</b>	<b>(110)</b>	<b>6,805</b>	<b>11,899</b>	<b>18,704</b>	<b>NET SURPLUS / (DEFICIT)</b>

## NOTES CONTINUED

## 1 Principal activities and segmental information (continued)

## (b) Analysis of revenues, costs and surplus/(deficit) by channel, service and broadcasting genre and between public service and non-public service activities, year ended 31 December 2005:

	RTÉ One	RTÉ Two	RTÉ Radio 1	RTÉ 2fm	RTÉ lyric fm	RTÉ RnaG	TG4 Support
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>PUBLIC SERVICE ACTIVITIES</b>							
<b>Indigenous programme costs</b>							
In-house production	(72,660)	(42,729)	(33,039)	(11,314)	(5,843)	(10,057)	(7,250)
Statutory commissions	(24,483)	(4,889)	-	-	-	-	-
Non-statutory commissions	(29,140)	(14,822)	-	-	-	-	(1,305)
	(126,283)	(62,440)	(33,039)	(11,314)	(5,843)	(10,057)	(8,555)
<b>Programme costs – by Genre:</b>							
Arts	(950)	-	(2,587)	-	(293)	-	-
Education	(980)	(163)	(24)	(39)	(80)	-	-
Religious	(3,228)	(153)	(283)	-	-	(72)	-
Other factual	(28,902)	(2,375)	(2,709)	-	(238)	(2,205)	(802)
Factual	(34,060)	(2,691)	(5,603)	(39)	(611)	(2,277)	(802)
Drama	(37,081)	(6,074)	(814)	-	-	(61)	(381)
Entertainment	(19,773)	(6,440)	(913)	(325)	(105)	(208)	(1,742)
Music	(920)	(1,909)	(7,305)	(6,975)	(4,835)	(1,420)	-
News, Current Affairs and Weather	(32,415)	(2,747)	(15,063)	(3,829)	(258)	(4,508)	(4,785)
Sport	(2,034)	(31,706)	(2,950)	(146)	-	(1,038)	(3)
Young peoples	-	(10,873)	(391)	-	(34)	(545)	(842)
Indigenous programming	(126,283)	(62,440)	(33,039)	(11,314)	(5,843)	(10,057)	(8,555)
<b>Indigenous non-broadcast output costs</b>	-	-	-	-	-	-	-
	(126,283)	(62,440)	(33,039)	(11,314)	(5,843)	(10,057)	(8,555)
<b>Public funding</b>							
Licence Fee revenue attribution	78,867	38,995	12,343	-	6,263	10,978	9,475
	(47,416)	(23,445)	(20,696)	(11,314)	420	921	920
<b>Other public service activity costs by output category</b>							
Acquired programmes							
- Ireland	(360)	(144)	-	-	-	-	-
- overseas	(11,584)	(10,045)	-	-	(3)	-	-
General broadcast and transmission costs	(10,856)	(9,745)	(290)	(198)	(34)	(13)	(71)
RTÉNL transmission and power charges	(3,063)	(3,052)	(3,419)	(895)	(900)	(908)	-
	(25,863)	(22,986)	(3,709)	(1,093)	(937)	(921)	(71)
<b>Net deficit in STnaG</b>	-	-	-	-	-	-	(849)
<b>Unallocated revenues and costs</b>							
Net gain on disposal of financial assets	-	-	-	-	-	-	-
Net interest receivable	-	-	-	-	-	-	-
Impact of FRS 17	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Deficit on public service activities</b>	(73,279)	(46,431)	(24,405)	(12,407)	(517)	-	-

Performing Groups €'000	Corporate HQ €'000	On Line Services €'000	Other €'000	Consolidation Adjustments €'000	Group total (under SSAP24) €'000	FRS 17 impact €'000	Group total (post FRS 17) €'000	
								<b>PUBLIC SERVICE ACTIVITIES</b>
								<b>Indigenous programme costs</b>
-	-	-	-	19	(182,873)	-	(182,873)	In-house production
-	-	-	-	-	(29,372)	-	(29,372)	Statutory commissions
-	-	-	-	-	(45,267)	-	(45,267)	Non-statutory commissions
-	-	-	-	19	(257,512)	-	(257,512)	
								<b>Programme costs – by Genre:</b>
-	-	-	-	-	(3,830)	-	(3,830)	Arts
-	-	-	-	-	(1,286)	-	(1,286)	Education
-	-	-	-	-	(3,736)	-	(3,736)	Religious
-	-	-	-	1	(37,230)	-	(37,230)	Other factual
-	-	-	-	1	(46,082)	-	(46,082)	Factual
-	-	-	-	1	(44,410)	-	(44,410)	Drama
-	-	-	-	-	(29,506)	-	(29,506)	Entertainment
-	-	-	-	-	(23,364)	-	(23,364)	Music
-	-	-	-	3	(63,602)	-	(63,602)	News, Current Affairs and Weather
-	-	-	-	14	(37,863)	-	(37,863)	Sport
-	-	-	-	-	(12,685)	-	(12,685)	Young peoples
-	-	-	-	19	(257,512)	-	(257,512)	Indigenous programming
(15,517)	(6,179)	(2,476)	-	-	(24,172)	-	(24,172)	<b>Indigenous non-broadcast output costs</b>
(15,517)	(6,179)	(2,476)	-	19	(281,684)	-	(281,684)	
13,210	-	-	-	-	170,131	-	170,131	<b>Public funding</b>
								Licence Fee revenue attribution
<b>(2,307)</b>	<b>(6,179)</b>	<b>(2,476)</b>	<b>-</b>	<b>19</b>	<b>(111,553)</b>	<b>-</b>	<b>(111,553)</b>	
								<b>Other public service activity costs by output category</b>
-	-	-	-	-	(504)	-	(504)	Acquired programmes
-	-	-	-	-	(21,632)	-	(21,632)	- Ireland
-	-	-	-	-	(21,207)	-	(21,207)	- overseas
-	-	-	-	-	(12,237)	-	(12,237)	General broadcast and transmission costs
								RTÉNL transmission and power charges
-	-	-	-	-	(55,580)	-	(55,580)	
-	-	-	-	-	(849)	-	(849)	<b>Net deficit in STnaG</b>
-	-	-	505	-	505	-	505	<b>Unallocated revenues and costs</b>
-	1,087	-	-	-	1,087	-	1,087	Net gain on disposal of financial assets
-	-	-	-	-	-	7,176	7,176	Net interest receivable
								Impact of FRS 17
-	1,087	-	505	-	1,592	7,176	8,768	
<b>(2,307)</b>	<b>(5,092)</b>	<b>(2,476)</b>	<b>505</b>	<b>19</b>	<b>(166,390)</b>	<b>7,176</b>	<b>(159,214)</b>	<b>Deficit on public service activities</b>

## NOTES CONTINUED

## 1 Principal activities and segmental information (continued)

## (b) Analysis of revenues, costs and surplus/(deficit) by channel, service and broadcasting genre and between public service and non-public service activities, year ended 31 December 2005: (continued)

	RTÉ One €'000	RTÉ Two €'000	RTÉ Radio 1 €'000	RTÉ 2fm €'000	RTÉ lyric fm €'000	RTÉ RnaG €'000	TG4 Support €'000
<b>NON-PUBLIC SERVICE ACTIVITIES</b>							
<b>Commercial revenue</b>	90,475	39,479	19,761	19,521	544	-	-
<b>Non-public service operating costs</b>							
General broadcast and transmission costs	-	-	-	-	-	-	-
RTÉNL transmission and power charges	-	-	-	-	-	-	-
Sales costs	(4,137)	(1,767)	(1,205)	(1,015)	(27)	-	-
Other operating costs	-	-	-	(228)	-	-	-
	(4,137)	(1,767)	(1,205)	(1,243)	(27)	-	-
<b>Contribution from non-public service activities</b>	<b>86,338</b>	<b>37,712</b>	<b>18,556</b>	<b>18,278</b>	<b>517</b>	-	-
<b>NET SURPLUS / (DEFICIT)</b>	<b>13,059</b>	<b>(8,719)</b>	<b>(5,849)</b>	<b>5,871</b>	-	-	-

Performing Groups €'000	Corporate HQ €'000	On Line Services €'000	Other €'000	Consolidation Adjustments €'000	Group total (under SSAP24) €'000	FRS 17 impact €'000	Group total (post FRS 17) €'000	
								<b>NON-PUBLIC SERVICE ACTIVITIES</b>
2,307	28	704	43,841	(16,903)	199,757	-	199,757	<b>Commercial revenue</b>
								<b>Non-public service operating costs</b>
-	-	-	(18,156)	4,611	(13,545)	-	(13,545)	General broadcast and transmission costs
-	-	-	-	12,237	12,237	-	12,237	RTÉNL transmission and power charges
-	-	(236)	(1,317)	212	(9,492)	-	(9,492)	Sales costs
-	-	-	(14,190)	1,136	(13,282)	-	(13,282)	Other operating costs
-	-	(236)	(33,663)	18,196	(24,082)	-	(24,082)	
<b>2,307</b>	<b>28</b>	<b>468</b>	<b>10,178</b>	<b>1,293</b>	<b>175,675</b>	<b>-</b>	<b>175,675</b>	<b>Contribution from non-public service activities</b>
<b>-</b>	<b>(5,064)</b>	<b>(2,008)</b>	<b>10,683</b>	<b>1,312</b>	<b>9,285</b>	<b>7,176</b>	<b>16,461</b>	<b>NET SURPLUS / (DEFICIT)</b>

## NOTES CONTINUED

## 1 Principal activities and segmental information (continued)

## (b) Analysis of revenues, costs and surplus/(deficit) by channel, service and broadcasting genre and between public service and non-public service activities, year ended 31 December 2004:

	RTÉ One	RTÉ Two	RTÉ Radio 1	RTÉ 2fm	RTÉ lyric fm	RTÉ RnaG	TG4 Support
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>PUBLIC SERVICE ACTIVITIES</b>							
<b>Indigenous programme costs</b>							
In-house production	(69,709)	(45,310)	(31,108)	(10,920)	(5,786)	(9,708)	(7,269)
Statutory commissions	(24,612)	(4,007)	-	-	-	-	-
Non-statutory commissions	(13,528)	(7,335)	(99)	-	-	-	(1,375)
	(107,849)	(56,652)	(31,207)	(10,920)	(5,786)	(9,708)	(8,644)
<b>Programme costs – by genre:</b>							
Arts	(785)	-	(2,100)	-	(282)	-	-
Education	(850)	(76)	-	(37)	(79)	-	-
Religious	(2,554)	(244)	(246)	-	-	(68)	-
Other factual	(20,292)	(165)	(2,018)	-	(211)	(2,453)	(368)
Factual	(24,481)	(485)	(4,364)	(37)	(572)	(2,521)	(368)
Drama	(30,065)	(4,363)	(895)	-	-	(77)	(381)
Entertainment	(16,724)	(4,618)	(177)	-	(104)	(313)	(2,242)
Music	(2,243)	(1,852)	(7,545)	(7,040)	(4,747)	(2,164)	-
News, Current Affairs and Weather	(30,343)	(2,693)	(15,407)	(3,701)	(331)	(3,742)	(4,944)
Sport	(3,993)	(33,724)	(2,578)	(142)	-	(732)	(2)
Young peoples	-	(8,917)	(241)	-	(32)	(159)	(707)
Indigenous programming	(107,849)	(56,652)	(31,207)	(10,920)	(5,786)	(9,708)	(8,644)
<b>Indigenous non-broadcast output costs</b>	-	-	-	-	-	-	-
	(107,849)	(56,652)	(31,207)	(10,920)	(5,786)	(9,708)	(8,644)
<b>Public funding</b>							
Licence Fee revenue attribution	75,551	39,688	12,636	-	6,374	10,532	8,644
	<b>(32,298)</b>	<b>(16,964)</b>	<b>(18,571)</b>	<b>(10,920)</b>	<b>588</b>	<b>824</b>	<b>-</b>
<b>Other public service activity costs by output category</b>							
Acquired programmes							
- Ireland	(360)	(190)	-	-	(4)	-	-
- overseas	(12,182)	(10,858)	-	-	-	-	-
General broadcast and transmission costs	(8,792)	(9,487)	(456)	(202)	(74)	(18)	-
RTÉNL transmission and power charges	(2,769)	(2,734)	(2,888)	(988)	(806)	(806)	-
	(24,103)	(23,269)	(3,344)	(1,190)	(884)	(824)	-
<b>Unallocated revenues and costs</b>							
Building impairment charge	-	-	-	-	-	-	-
Net gain on disposal of surplus site	-	-	-	-	-	-	-
Net interest receivable	-	-	-	-	-	-	-
Impact of FRS 17	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Deficit on public service activities</b>	<b>(56,401)</b>	<b>(40,233)</b>	<b>(21,915)</b>	<b>(12,110)</b>	<b>(296)</b>	<b>-</b>	<b>-</b>

Performing Groups €'000	Corporate HQ €'000	On Line Services €'000	Other €'000	Consolidation Adjustments €'000	Group total (under SSAP 24) €'000	FRS 17 impact €'000	Group total (post FRS 17) €'000	
								<b>PUBLIC SERVICE ACTIVITIES</b>
								<b>Indigenous programme costs</b>
-	-	-	-	-	(179,810)	-	(179,810)	In-house production
-	-	-	-	-	(28,619)	-	(28,619)	Statutory commissions
-	-	-	-	-	(22,337)	-	(22,337)	Non-statutory commissions
-	-	-	-	-	(230,766)	-	(230,766)	
								<b>Programme costs – by genre:</b>
-	-	-	-	-	(3,167)	-	(3,167)	Arts
-	-	-	-	-	(1,042)	-	(1,042)	Education
-	-	-	-	-	(3,112)	-	(3,112)	Religious
-	-	-	-	-	(25,507)	-	(25,507)	Other factual
-	-	-	-	-	(32,828)	-	(32,828)	Factual
-	-	-	-	-	(35,781)	-	(35,781)	Drama
-	-	-	-	-	(24,178)	-	(24,178)	Entertainment
-	-	-	-	-	(25,591)	-	(25,591)	Music
-	-	-	-	-	(61,161)	-	(61,161)	News, Current Affairs and Weather
-	-	-	-	-	(41,171)	-	(41,171)	Sport
-	-	-	-	-	(10,056)	-	(10,056)	Young peoples
-	-	-	-	-	(230,766)	-	(230,766)	Indigenous programming
(14,622)	(5,218)	(2,585)	-	-	(22,425)	-	(22,425)	<b>Indigenous non-broadcast output costs</b>
(14,622)	(5,218)	(2,585)	-	-	(253,191)	-	(253,191)	
								<b>Public funding</b>
12,739	-	-	-	-	166,164	-	166,164	Licence Fee revenue attribution
<b>(1,883)</b>	<b>(5,218)</b>	<b>(2,585)</b>	<b>-</b>	<b>-</b>	<b>(87,027)</b>	<b>-</b>	<b>(87,027)</b>	
								<b>Other public service activity costs by output category</b>
-	-	-	-	-	(554)	-	(554)	Acquired programmes
-	-	-	-	-	(23,040)	-	(23,040)	- Ireland
-	-	-	-	-	(19,029)	-	(19,029)	- overseas
-	-	-	-	-	(10,991)	-	(10,991)	General broadcast and transmission costs
-	-	-	-	-	(10,991)	-	(10,991)	RTÉNL transmission and power charges
-	-	-	-	-	(53,614)	-	(53,614)	
								<b>Unallocated revenues and costs</b>
-	(10,767)	-	-	-	(10,767)	-	(10,767)	Building impairment charge
-	13,322	-	-	-	13,322	-	13,322	Net gain on disposal of surplus site
-	551	-	-	-	551	-	551	Net interest receivable
-	-	-	-	-	-	11,899	11,899	Impact of FRS 17
-	3,106	-	-	-	3,106	11,899	15,005	
<b>(1,883)</b>	<b>(2,112)</b>	<b>(2,585)</b>	<b>-</b>	<b>-</b>	<b>(137,535)</b>	<b>11,899</b>	<b>(125,636)</b>	<b>Deficit on public service activities</b>

## NOTES CONTINUED

## 1 Principal activities and segmental information (continued)

## (b) Analysis of revenues, costs and surplus/(deficit) by channel, service and broadcasting genre and between public service and non-public service activities, year ended 31 December 2004: (continued)

	RTÉ One €'000	RTÉ Two €'000	RTÉ Radio 1 €'000	RTÉ 2fm €'000	RTÉ lyric fm €'000	RTÉ RnaG €'000	TG4 Support €'000
<b>NON-PUBLIC SERVICE ACTIVITIES</b>							
<b>Commercial revenue</b>	77,775	33,574	18,216	17,700	322	-	-
<b>Non-public service operating costs</b>							
General broadcast and transmission costs	-	-	-	-	-	-	-
RTÉNL transmission and power charges	-	-	-	-	-	-	-
Sales costs	(5,346)	(2,290)	(943)	(805)	(26)	-	-
Other operating costs	-	-	-	(181)	-	-	-
	(5,346)	(2,290)	(943)	(986)	(26)	-	-
<b>Contribution from non-public service activities</b>	<b>72,429</b>	<b>31,284</b>	<b>17,273</b>	<b>16,714</b>	<b>296</b>	-	-
<b>NET SURPLUS / (DEFICIT)</b>	<b>16,028</b>	<b>(8,949)</b>	<b>(4,642)</b>	<b>4,604</b>	-	-	-



Performing Groups €'000	Corporate HQ €'000	On Line Services €'000	Other €'000	Consolidation Adjustments €'000	Group total (under SSAP 24) €'000	FRS 17 impact €'000	Group total (post FRS 17) €'000	
								<b>NON-PUBLIC SERVICE ACTIVITIES</b>
1,883	28	605	40,995	(14,380)	176,718	-	176,718	<b>Commercial revenue</b>
-	-	-	(22,420)	2,837	(19,583)	-	(19,583)	<b>Non-public service operating costs</b>
-	-	-	-	10,991	10,991	-	10,991	General broadcast and transmission costs
-	-	(234)	(1,236)	-	(10,880)	-	(10,880)	RTÉNL transmission and power charges
-	-	-	(13,167)	442	(12,906)	-	(12,906)	Sales costs
-	-	(234)	(36,823)	14,270	(32,378)	-	(32,378)	Other operating costs
<b>1,883</b>	<b>28</b>	<b>371</b>	<b>4,172</b>	<b>(110)</b>	<b>144,340</b>	<b>-</b>	<b>144,340</b>	<b>Contribution from non-public service activities</b>
-	(2,084)	(2,214)	4,172	(110)	6,805	11,899	18,704	<b>NET SURPLUS / (DEFICIT)</b>

## NOTES CONTINUED

## 1 Principal activities and segmental information (continued)

## (c) Segment Information – TG4

	2005			2004		
	STnaG €'000	RTÉ support €'000	Total €'000	STnaG €'000	RTÉ support €'000	Total €'000
<b>Revenue</b>						
Advertising income	3,277	-	3,277	2,719	-	2,719
Sponsorship income	290	-	290	263	-	263
Content, merchandising and related sales	179	-	179	36	-	36
Commercial revenue	3,746	-	3,746	3,018	-	3,018
Grant-in-aid	23,989	-	23,989	23,292	-	23,292
Licence Fee revenue attribution	-	9,475	9,475	-	8,644	8,644
	27,735	9,475	37,210	26,310	8,644	34,954
<b>Programme costs – by genre</b>						
Arts	(308)	-	(308)	(212)	-	(212)
Education	-	-	-	(75)	-	(75)
Other factual	(2,907)	(802)	(3,709)	(2,582)	(368)	(2,950)
Factual	(3,215)	(802)	(4,017)	(2,869)	(368)	(3,237)
Drama	(4,967)	(381)	(5,348)	(4,424)	(381)	(4,805)
Entertainment	(1,744)	(1,742)	(3,486)	(1,474)	(2,242)	(3,716)
Music	(948)	-	(948)	(1,584)	-	(1,584)
News, Current Affairs and Weather	(281)	(4,785)	(5,066)	(262)	(4,944)	(5,206)
Sport	(3,321)	(3)	(3,324)	(2,550)	(2)	(2,552)
Young peoples	(2,068)	(842)	(2,910)	(2,877)	(707)	(3,584)
Indigenous programming	(16,544)	(8,555)	(25,099)	(16,040)	(8,644)	(24,684)
Acquired programmes – overseas	(2,357)	-	(2,357)	(2,030)	-	(2,030)
	(18,901)	(8,555)	(27,456)	(18,070)	(8,644)	(26,714)
<b>Programme Costs – By Source:</b>						
In-house production	(207)	(7,250)	(7,457)	(170)	(7,268)	(7,438)
Non-statutory commissions	(16,337)	(1,305)	(17,642)	(15,870)	(1,376)	(17,246)
Indigenous programming	(16,544)	(8,555)	(25,099)	(16,040)	(8,644)	(24,684)
Acquired programmes – overseas	(2,357)	-	(2,357)	(2,030)	-	(2,030)
	(18,901)	(8,555)	(27,456)	(18,070)	(8,644)	(26,714)
General broadcast and transmission costs	(6,404)	-	(6,404)	(5,268)	-	(5,268)
RTÉNL transmission and power charges	(3,183)	(71)	(3,254)	(2,919)	-	(2,919)
Sales costs	(96)	-	(96)	(53)	-	(53)
	(28,584)	(8,626)	(37,210)	(26,310)	(8,644)	(34,954)
<b>NET SURPLUS / (DEFICIT)</b>	(849)	849	-	-	-	-

**1 Principal activities and segmental information** *(continued)***(d) Segment Information – RTÉ Transmission Network Limited**

	2005 €'000	2004 €'000
<b>Analysis of network charges to all RTÉ Services (including TG4)</b>		
RTÉ One	3,063	2,769
RTÉ Two	3,052	2,734
RTÉ Radio 1	3,419	2,888
RTÉ 2fm	895	988
RTÉ lyric fm	900	806
RTÉ Raidió na Gaeltachta	908	806
RTÉ support provided to TG4 and Seirbhísí Theilifís na Gaeilge Teoranta	3,183	2,919
	<b>15,420</b>	<b>13,910</b>

**(e) Segmental Net Assets**

	2005 €'000	2004 (as restated) €'000
Television IBD	30,542	32,230
Radio IBD	14,595	12,646
News and Current Affairs IBD	1,363	(515)
Network IBD	20,610	20,387
Publishing IBD	1,555	3,384
Performing Groups IBD	(424)	17
Unallocated net assets	27,306	18,077
Net assets	<b>95,547</b>	<b>86,226</b>

**2 Prior year adjustment for defined benefit pension arrangements**

In accordance with the transitional provisions of *Financial Reporting Standard 17 – Retirement Benefits* (FRS 17), the standard was not reflected in full in RTÉ's financial statements for the years ended 31 December 2001 to 31 December 2004. In accordance with the standard's transitional provisions, the notes to the financial statements for these years quantified the amounts that would have been included in the Group statement of income and expenditure and the statement of total recognised gains and losses, together with the impact on Group net assets.

All of the standard's requirements are applicable for accounting periods beginning on or after 1 January 2005. Consequently, the standard has been reflected in full in this year's annual report, which includes a prior year adjustment to restate the Group statement of income and expenditure and Group balance sheet.

The adoption of FRS 17 has required a change to the accounting treatment of defined benefit pension arrangements such that the Group now includes the assets and liabilities of these arrangements in the balance sheet. Current service costs, curtailment and settlement gains and losses and net financial returns are included in the statement of income and expenditure in the year to which they relate. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

## NOTES CONTINUED

**2 Prior year adjustment for defined benefit pension arrangements (continued)**

The following table sets out the impact of adopting FRS 17 on the affected line items in the Group's statement of income and expenditure, statement of total recognised gains and losses and balance sheet:

	2004 As reported under SSAP 24 €'000	Prior year adjustment €'000	2004 As restated under FRS 17 €'000
<b>Statement of income and expenditure</b>			
Revenue	342,882	-	342,882
Operating costs before depreciation	(315,308)	(3,831)	(319,139)
Depreciation, amortisation etc	(34,711)	-	(34,711)
Gain on disposal of tangible fixed assets	31	-	31
Gain on disposal of surplus transmitter site	16,588	-	16,588
Surplus before interest and tax	9,482	(3,831)	5,651
Interest receivable and similar income	1,160	-	1,160
Interest payable and similar charges	(571)	-	(571)
Other finance income	-	15,730	15,730
Surplus before tax	10,071	11,899	21,970
Tax	(3,266)	-	(3,266)
Surplus for the year	6,805	11,899	18,704
<b>Statement of total recognised gains and losses</b>			
Surplus for the year	6,805	11,899	18,704
Actuarial gains and losses	-	(60,228)	(60,228)
Total recognised gains and losses	6,805	(48,329)	(41,524)
<b>Balance sheet</b>			
Fixed assets	95,258	-	95,258
Debtors	56,286	-	56,286
Cash at bank and in hand	63,229	-	63,229
Creditors due within one year	(83,512)	-	(83,512)
Capital grants and grants-in-aid	(14,663)	-	(14,663)
Provisions for liabilities and charges	(33,589)	-	(33,589)
Net assets excluding pension asset	83,009	-	83,009
Pension asset	-	3,217	3,217
Net assets including pension asset	83,009	3,217	86,226
Income and expenditure account	83,009	3,217	86,226

### 3 Depreciation and amortisation

The depreciation and amortisation charge for the year includes depreciation charged and amortisation credited in respect of continuing operations. In 2004, it included two further exceptional charges as set out below:

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

As part of the capital expenditure planning process, an extensive review was carried out in 2004 in respect of the records, existence, condition, obsolescence and utility of all plant and equipment/fixtures and fittings, resulting in a non-recurring, non-cash write-down in 2004 amounting to €8.272m. 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 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 €10.767m was made in 2004. This was accounted for as an operating exceptional item in the form of additional depreciation in respect of the relevant buildings.

### 4 Non-operating exceptional items

	2005 €'000	2004 €'000
<b>Disposal of surplus transmitter site</b>		
Proceeds on disposal	-	18,050
Less:		
Site preparation and access costs	-	(974)
Auctioneering and professional fees	-	(209)
Net proceeds on disposal (note 19(b))	-	16,867
Assets at net book value	-	(279)
Gain on disposal before capital gains tax	-	16,588
Capital gains tax (note 9)	-	(3,266)
<b>Net gain on disposal</b>	<b>-</b>	<b>13,322</b>

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.

### 5 Interest receivable and similar income

	2005 €'000	2004 €'000
Interest on bank deposits	<b>1,597</b>	1,160

Other finance income of €12,185,000 (2004: €15,730,000) represents the excess of the expected return on pension scheme assets over the interest on pension scheme liabilities (note 16).

## NOTES CONTINUED

## 6 Interest payable and similar charges

	2005 €'000	2004 €'000
On bank loans, overdrafts and other loans repayable within five years, not by instalments	-	1
Other finance costs (note 15)	445	570
	<b>445</b>	<b>571</b>

## 7 Surplus on ordinary activities before taxation

	2005 €'000	2004 €'000
The surplus on ordinary activities before taxation includes the following amounts:		
Depreciation and amortisation		
- Depreciation on continuing operations		
- excl STnaG	15,177	15,672
- STnaG	1,467	1,431
	<b>16,644</b>	<b>17,103</b>
- Amortisation of capital grants		
- (STnaG) (note 14(a))	(689)	(1,431)
	<b>15,955</b>	<b>15,672</b>
Excl STnaG	15,177	15,672
STnaG	778	-
	<b>15,955</b>	<b>15,672</b>
Amortisation of pre-paid grants-in-aid credited in net operating costs (note 14(b))	(1,472)	(1,095)
Auditors' remuneration, including expenses		
- audit fees	117	117
- other audit services	41	115
- non audit work		
- tax advice	389	376
- corporate finance	57	-
- other services	11	120
Operating lease rentals, principally vehicles	347	1,645

During the year, a lightning strike extensively damaged equipment at STnaG. The excess of the insurance proceeds received over the related asset values amounted to €1,075,000.

The remuneration of Authority members and the Director-General are set out in the Remuneration Report on pages 37 and 38.

In the separate accounts of RTÉ, the surplus for the year amounted to €6,610,000 (2004: €15,406,000, as restated for the impact of FRS 17).

## 8 Employee information

Group staff costs during the year amounted to:	<b>2005</b>	2004
	<b>€'000</b>	(as restated) €'000
Wages and salaries	<b>114,547</b>	104,105
Social welfare costs	<b>7,764</b>	6,634
Pension costs and life assurance (note 16)	<b>13,217</b>	11,120
	<b>135,528</b>	121,859

The above figures do not include the direct employee costs of Seirbhísí Theilifís na Gaeilge Teoranta (STnaG), in the amount of €4,248,000 (2004: €4,033,000), which were funded by grants-in-aid received from the Exchequer.

The **total** number of full-time and part-time employees of the Group at 31 December, and their full-time equivalent (FTE) were:

	No. of employees		Full time equivalents	
	2005	2004	2005	2004
RTÉ Group (excluding STnaG)	<b>2,287</b>	2,169	<b>2,005</b>	1,911
Seirbhísí Theilifís na Gaeilge Teoranta	<b>107</b>	110	<b>107</b>	106
	<b>2,394</b>	2,279	<b>2,112</b>	2,017

The **average annual** number of full-time and part-time employees during the year was:

	<b>2005</b>	2004
	<b>€'000</b>	€'000
RTÉ Group (excluding STnaG)	<b>2,234</b>	2,109
Seirbhísí Theilifís na Gaeilge Teoranta	<b>107</b>	108
	<b>2,341</b>	2,217

## 9 Tax on surplus on ordinary activities

	<b>2005</b>	2004
	<b>€'000</b>	€'000
Republic of Ireland 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 revenue up to 31 December 2005 was exempt from taxation. As a result, at 31 December 2005, the Group had corporation tax losses forward of €1.71 billion (31 December 2004: €1.55 billion). No deferred tax assets or liabilities have been recognised.

A liability to capital gains tax arose during 2004 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 revenue 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 activities before tax.

## NOTES CONTINUED

## 9 Tax on surplus on ordinary activities (continued)

	2005 €'000	2004 (as restated) €'000
Surplus on ordinary activities before tax	16,461	21,970
Surplus on ordinary activities before tax multiplied by the standard rate of corporation tax in Ireland of 12.5% (2004: 12.5%)	2,058	2,746
<i>Effects of:</i>		
Exempt Licence Fee revenue	(21,266)	(20,771)
Income taxable at a higher rate of tax	186	1,383
Utilisation of trading losses arising from exempt Licence Fee revenue	(730)	(278)
Other differences, including corporation tax losses arising in the year	19,752	20,186
	-	3,266
Corporation tax charge for the year	-	-
Capital gains tax	-	3,266
	-	3,266

## 10 Tangible fixed assets

## Group

	Land and buildings €'000	Plant and equipment €'000	Fixtures and fittings €'000	Capital projects in progress €'000	Total €'000
<b>Cost</b>					
At beginning of year	68,082	159,842	4,464	12,545	244,933
Additions	-	2,191	10	12,925	15,126
Reclassifications	1,472	14,280	553	(16,305)	-
Disposals and retirements	(9,541)	(25,257)	(1,868)	-	(36,666)
At end of year	60,013	151,056	3,159	9,165	223,393
<b>Accumulated depreciation</b>					
At beginning of year	32,241	115,987	3,062	-	151,290
Charge for the year	2,238	14,047	359	-	16,644
Disposals and retirements	(9,632)	(25,011)	(1,588)	-	(36,231)
At end of year	24,847	105,023	1,833	-	131,703
<b>Net book value</b>					
At 31 December 2004	35,841	43,855	1,402	12,545	93,643
At 31 December 2005	35,166	46,033	1,326	9,165	91,690

Included above are fixed assets with a net book value of €9,725,000 (2004: €9,252,000) in respect of Seirbhísi Theilifís na Gaeilge Teoranta.



**10 Tangible fixed assets** (continued)**RTÉ**

	Land and buildings €'000	Plant and equipment €'000	Fixtures and fittings €'000	Capital projects in progress €'000	Total €'000
<b>Cost</b>					
At beginning of year	54,642	85,448	1,359	11,417	152,866
Additions	6	140	199	10,292	10,637
Reclassifications	1,441	12,193	553	(14,187)	-
Disposals and retirements	(9,845)	(22,377)	(65)	-	(32,287)
At end of year	46,244	75,404	2,046	7,522	131,216
<b>Accumulated depreciation</b>					
At beginning of year	28,545	66,713	477	-	95,735
Charge for the year	1,705	8,358	497	-	10,560
Disposals and retirements	(9,388)	(22,623)	(65)	-	(32,076)
At end of year	20,862	52,448	909	-	74,219
<b>Net book value</b>					
At 31 December 2004	26,097	18,735	882	11,417	57,131
At 31 December 2005	25,382	22,956	1,137	7,522	56,997

**11 Financial assets**

	Group		RTÉ	
	2005 €'000	2004 €'000	2005 €'000	2004 €'000
Shares in subsidiaries, at cost	-	-	51,355	51,355
Investment in Intelsat	-	1,615	-	-
	-	1,615	51,355	51,355

RTÉ had the following subsidiaries, related companies and other investments at 31 December 2005:

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
RTÉ Transmission Network Limited	100%	Management of transmission network assets
DTT Network Company	100%	Dormant

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.

# NOTES CONTINUED

## 11 Financial assets (continued)

Related companies	Share capital held	Class of business
Tara Television Limited (in liquidation)	20%	In liquidation
Telegael Teoranta	24.9%	Film production
<b>Other investments</b>		
SECEMIE	0.94%	Editing company for the Euronews information /news service

The Group disposed of its interest in Intelsat during the year at a profit of €505,000. The Authority considers that the carrying value of the Group's remaining investments is not less than their fair value.

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 2005 are not considered material to the Group.

### Classification of RTÉ Group activities by Integrated Business Division (IBD) and by legal entity

	RTÉ	RTÉ Commercial Enterprises Limited	RTÉ Music Limited	Seirbhísí Theilifís na Gaeilge Teoranta	RTÉ Transmission Network Limited
<b>RTÉ TELEVISION IBD</b>					
Free-to-air broadcast of public service television schedules and channels	•				
Commissioning and 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 and current affairs programming to TG4	•				
Television advertising and sponsorship sales	•				
Hire of television production facilities to third parties	•				
Provision of broadcast circuits and technical facilities to third parties	•				
Maintenance of Television channel archives and 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 third parties		•			
Non-broadcasting advertising revenue share		•			

## 11 Financial assets (continued)

## Classification of RTÉ Group activities by Integrated Business Division (IBD) and by legal entity (continued)

	RTÉ	RTÉ Commercial Enterprises Limited	RTÉ Music Limited	Seirbhísi Theilifís na Gaeilge Teoranta	RTÉ Transmission Network Limited
<b>RTÉ RADIO IBD</b>					
Free-to-air broadcast of public service radio schedules / channels	•				
Commissioning and production of indigenous radio programmes	•				
Acquisition of domestic / non-domestic radio programmes	•				
Radio advertising and sponsorship sales	•				
Maintenance of Radio channel archive & library	•				
Administration of RTÉ Radio IBD	•				
Hire of Radio production facilities to third parties		•			
Programme merchandising sales		•			
Library and listing sales		•			
IVR/SMS Telecoms revenue share		•			
Roadcaster mobile studio and sponsorship sales		•			
Studio production of radio advertisements		•			
Non-broadcasting advertising revenue share		•			
<b>RTÉ NEWS &amp; CURRENT AFFAIRS IBD</b>					
Provision of a national and international news gathering service	•				
Production and coverage of television & radio news bulletins, events and programmes	•				
Commissioning and production of current affairs programmes	•				
Statutory provision of news and current affairs programming to TG4	•				
Administration of RTÉ News & Current Affairs IBD	•				
<b>RTÉ PERFORMING GROUPS IBD</b>					
Orchestral and choir performances	•				
Commission, production, performance & recording of orchestral and choir music	•				
Hire of Symphony and Concert Orchestras	•				
Administration of RTÉ Performing Groups IBD	•				
<b>RTÉ NETWORK IBD</b>					
Provision of national analogue radio and television broadcast transmission services					•
Hire of ancillary mast and tower facilities					•
Administration of RTÉ Network IBD					•

## NOTES CONTINUED

## 11 Financial assets (continued)

## Classification of RTÉ Group activities by Integrated Business Division (IBD) and by legal entity (continued)

	RTÉ	RTÉ Commercial Enterprises Limited	RTÉ Music Limited	Seirbhísí Theilifís na Gaeilge Teoranta	RTÉ Transmission Network Limited
<b>RTÉ PUBLISHING IBD</b>					
Sale of music copyright			•		
Origination and re-purposing of news and other broadcast material in digital format		•			
Provision of <i>Aertel</i> 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 <i>RTÉ Guide</i> magazine		•			
<i>RTÉ Guide</i> advertising sales		•			
Incubation and development of new media technologies		•			
Administration of RTÉ Publishing IBD		•			
<b>CENTRALLY INCURRED SHARED SERVICES</b>					
Group Communications, Central HR, Group Legal, Group Treasury, Central IT Support, Donnybrook Site Services, Group Insurance and Group Pensions		•			
<b>CORPORATE HQ</b>					
Direction & overall operation of Public Service Broadcaster		•			
Holding of investments in broadcasting related activities		•			
<b>TG4</b>					
Free-to-air broadcast of television schedule and Irish language channel				•	
Commissioning and production of indigenous television programmes				•	
Acquisition of domestic / non-domestic television programmes				•	
Television advertising and sponsorship sales				•	
Maintenance of television channel archive				•	
Administration of TG4				•	

**12 Debtors**

	2005 €'000	Group 2004 €'000	2005 €'000	RTÉ 2004 €'000
Amounts falling due within one year:				
Trade debtors	<b>54,758</b>	49,996	<b>45,898</b>	42,189
Prepayments and accrued income	<b>5,241</b>	3,568	<b>2,356</b>	1,625
Amounts owed by subsidiary companies	-	-	-	1,685
Other debtors	<b>203</b>	397	<b>144</b>	319
	<b>60,202</b>	53,961	<b>48,398</b>	45,818
Amounts falling due after one year:				
Other debtors	<b>2,200</b>	2,325	<b>2,200</b>	2,325
	<b>62,402</b>	56,286	<b>50,598</b>	48,143

**13 Creditors: amounts falling due within one year**

	2005 €'000	Group 2004 €'000	2005 €'000	RTÉ 2004 €'000
Trade creditors	<b>10,979</b>	10,702	<b>9,495</b>	8,670
Amounts owed to subsidiary companies	-	-	<b>57,866</b>	49,030
Accruals and deferred income	<b>68,701</b>	64,429	<b>57,367</b>	54,093
Taxation and social welfare	<b>9,520</b>	8,381	<b>8,814</b>	7,691
	<b>89,200</b>	83,512	<b>133,542</b>	119,484
Taxation and social welfare creditors include:				
PAYE	<b>2,309</b>	2,021	<b>2,291</b>	2,004
PRSI	<b>1,133</b>	953	<b>1,119</b>	940
Value added tax	<b>6,071</b>	5,297	<b>5,398</b>	4,640
Other taxes	<b>7</b>	110	<b>6</b>	107
	<b>9,520</b>	8,381	<b>8,814</b>	7,691

## NOTES CONTINUED

## 14 Capital grants and grants-in-aid

<b>Group:</b>	
<b>(a) Capital grants – received and receivable</b>	€'000
At beginning of year	16,896
Grants received during the year	868
At end of year	<b>17,764</b>
<b>Amortisation</b>	
At beginning of year	8,631
Amortised during the year	689
At end of year	<b>9,320</b>
<b>Net book amount</b>	
At 31 December 2004	8,265
At 31 December 2005	<b>8,444</b>
<b>(b) Prepaid grants-in-aid received</b>	€'000
At beginning and end of year	14,397
<b>Amortisation</b>	
At beginning of year	7,999
Amortised during the year	1,472
At end of year	<b>9,471</b>
<b>Net book amount</b>	
At 31 December 2004	6,398
At 31 December 2005	<b>4,926</b>
<b>Total capital grants and grants-in-aid</b>	
At 31 December 2004	14,663
At 31 December 2005	<b>13,370</b>

**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 Seirbhísí 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 2003, following the 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.

**15 Provisions for liabilities and charges – restructuring costs**

<b>Group and RTÉ:</b>	<b>2005</b>	<b>2004</b>
	<b>€'000</b>	<b>€'000</b>
At beginning of year	<b>33,589</b>	42,792
Utilised during the year	<b>(7,040)</b>	(9,773)
Interest charge (note 6)	<b>445</b>	570
<b>At end of year</b>	<b>26,994</b>	<b>33,589</b>

The provision for restructuring costs at 31 December 2005 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. Circa three quarters of the provision for restructuring costs is expected to be utilised within the next five years (see note 17(c)).

**16 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 (a defined contribution scheme) 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 2 July 1989.

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 2006, 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 €36.8m (1 January 2005: €31.1m) 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 2006 was €939.6m (1 January 2005: €798.3m) 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 during the year for the various schemes were:

	<b>2005</b>	<b>2004</b>
	<b>€'000</b>	<b>€'000</b>
RTÉ Superannuation Scheme		
- current service cost	<b>8,866</b>	7,088
- past service cost	<b>385</b>	1,165
<b>RTÉ Defined Contribution Pension Scheme</b>	<b>9,251</b>	<b>8,253</b>
<b>Teilifís na Gaeilge Pension Plan</b>	<b>4,414</b>	<b>3,695</b>
<b>Other schemes</b>	<b>175</b>	<b>157</b>
	<b>436</b>	<b>362</b>

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 salary and pensions in payment.

## NOTES CONTINUED

## 16 Pension arrangements (continued)

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

	2005	2004	2003
Valuation method	<b>Projected unit</b>	Projected unit	Projected unit
Rate of increase in salaries	<b>3.30%</b>	3.30%	3.50%
Rate of increase in pensions in payment	<b>3.30%</b>	3.30%	3.50%
Discount rate	<b>4.40%</b>	4.75%	5.50%
Inflation assumption	<b>2.00%</b>	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:

	2005		2004		2003	
	Long term rate of return expected	Fair Value €'000	Long term rate of return expected	Fair Value €'000	Long term rate of return expected	Fair Value €'000
Equities	<b>6.75%</b>	<b>709,266</b>	7.30%	578,759	8.00%	533,556
Bonds	<b>3.25%</b>	<b>121,206</b>	3.80%	118,403	4.75%	123,014
Property	<b>4.75%</b>	<b>82,125</b>	5.30%	73,043	7.00%	69,659
Other	<b>2.00%</b>	<b>27,037</b>	2.00%	28,099	3.00%	14,821
Total fair value of assets		<b>939,634</b>		798,304		741,050
Actuarial value of the liability		<b>(936,381)</b>		(795,087)		(689,504)
Surplus in scheme		<b>3,253</b>		3,217		51,546
<b>Net pension asset recognised</b>		<b>3,253</b>		3,217		51,546

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

	2005 €'000	2004 €'000
<b>Pension surplus</b>		
Movement in the year:		
Current service costs <sup>1</sup>	<b>(8,866)</b>	(7,088)
Past service costs	<b>(385)</b>	(1,165)
Employer contributions	<b>4,242</b>	4,422
	<b>(5,009)</b>	(3,831)
Other finance income	<b>12,185</b>	15,730
	<b>7,176</b>	11,899
Actuarial loss	<b>(7,140)</b>	(60,228)
	<b>36</b>	(48,329)
Surplus in the scheme at beginning of year	<b>3,217</b>	51,546
Surplus in the scheme at end of year	<b>3,253</b>	3,217

<sup>1</sup>: For closed schemes, the current service cost will increase as the members of the scheme approach retirement under the projected unit method.



**16 Pension arrangements** *(continued)*

The contribution rate for the year ended 31 December 2005 was 8% of pensionable earnings (2004: 8%).

The following amounts have been recognised in respect of the defined benefit pension scheme.

	2005 €'000	2004 €'000
<b>Charged to operating profit</b>		
Current service costs	8,866	7,088
Past service costs	385	1,165
	<b>9,251</b>	8,253
<b>Credited to other finance income</b>		
Expected return on pension scheme assets	50,518	53,421
Interest on pension scheme liabilities	(38,333)	(37,691)
	<b>12,185</b>	15,730
<b>Analysis of amount recognised in statement of total recognised gains and losses</b>		
Actual return less expected return on pension scheme assets	111,199	14,912
Experience gains and losses arising on the scheme liabilities	(15,139)	(3,977)
Changes in assumptions underlying the present value of the scheme liabilities	(103,200)	(71,163)
	<b>(7,140)</b>	(60,228)

**History of actuarial gains and losses**

	2005 €'000	2004 €'000	2003 €'000	2002 €'000
Difference between expected and actual return on assets	111,199	14,912	26,291	(231,273)
Expressed as a percentage of scheme assets	11.8%	1.9%	3.5%	(34.2%)
Experience loss arising on scheme liabilities	(15,139)	(3,977)	8,388	(4,078)
Expressed as a percentage of scheme assets	(1.6%)	(0.5%)	1.6%	(0.6%)
Effect of changes in actuarial assumptions	(103,200)	(71,163)	8,627	51,576
Expressed as a percentage of scheme assets	(11.0%)	(8.9%)	1.2%	7.6%
Total actuarial gains and losses	(7,140)	(60,228)	43,306	(183,775)
Expressed as a percentage of scheme assets	(0.8%)	(7.5 %)	5.8%	(27.2%)

## NOTES CONTINUED

## 17 Treasury information

The Group's policies in relation to the use of derivatives and other financial instruments are included in the financial review on pages 22 to 25.

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), (b) 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:

	2005 €'000	2004 €'000
Financial asset investments (note 11)	-	1,615
Other debtors (note 12)	2,200	2,325
Cash in hand and at bank	67,766	63,229
	<b>69,966</b>	<b>67,169</b>

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

	Floating rate financial assets €'000	Fixed rate financial assets €'000	Equity shares €'000	Total €'000
31 December 2005:				
<b>Currency</b>				
Euro	69,680	-	-	69,680
US dollar	13	-	-	13
Sterling	273	-	-	273
Total	69,966	-	-	69,966

31 December 2004:

<b>Currency</b>				
Euro	65,442	-	-	65,442
US dollar	30	-	1,615	1,645
Sterling	82	-	-	82
Total	65,554	-	1,615	67,169

Floating rate financial assets primarily comprise cash and term deposits that bear interest at commercial rates.

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

	2005 €'000	2004 €'000
Provision for restructuring costs (note 15)	<b>26,994</b>	33,589

**17 Treasury information (continued)**

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

	Floating rate financial liabilities €'000	Fixed rate financial liabilities €'000	Financial liabilities on which no interest is paid €'000	Total €'000
31 December 2005:				
<b>Currency</b>				
Euro	26,994	-	-	26,994

31 December 2004:				
<b>Currency</b>				
Euro	33,589	-	-	33,589

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 at a rate appropriate to the maturity of the liabilities.

**(b) Currency exposures**

The table below shows the Group's currency exposures; i.e. those transactional (or non-structural) exposures that give rise to net currency gains or losses recognised in the Group statement of income and expenditure. Such exposures comprise the monetary assets and liabilities of the Group that are not denominated in euro. The table includes the effect of forward currency contracts taken out to manage these currency exposures. As at 31 December, these exposures were as follows:

	Sterling €'000	Net foreign currency monetary assets/(liabilities) US Dollar €'000	Other €'000	Total €'000
31 December 2005	<b>(1,798)</b>	<b>(5,277)</b>	<b>(604)</b>	<b>(7,679)</b>
31 December 2004	(1,805)	(5,511)	(735)	(8,051)

The functional currency of all Group entities is euro.

**(c) 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:

	2005 €'000	2004 €'000
In one year or less or on demand	<b>6,470</b>	7,903
In more than one year but not more than two years	<b>4,864</b>	6,131
In more than two years but not more than five years	<b>9,149</b>	12,145
In more than five years	<b>6,511</b>	7,410
	<b>26,994</b>	33,589

## NOTES CONTINUED

## 17 Treasury information (continued)

## (d) Borrowing facilities

Given the level of cash balances held by the Group, it was not considered necessary to maintain any committed borrowing facilities at 31 December 2005 or 31 December 2004.

## (e) 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 31 December:

	2005		2004	
	Book value €'000	Fair value €'000	Book value €'000	Fair value €'000
<b>Primary financial instruments held or issued to finance the Group's operations:</b>				
Financial asset investments (note 11)	-	-	1,615	1,963
Cash in hand and at bank	<b>67,766</b>	<b>67,766</b>	63,229	63,229
Other debtors	<b>2,200</b>	<b>2,200</b>	2,325	2,325
Provision for restructuring costs (note 15)	<b>(26,994)</b>	<b>(26,994)</b>	(33,589)	(33,589)
	<b>42,972</b>	<b>42,972</b>	33,580	33,928
<b>Derivative financial instruments held to hedge the currency exposure on expenditure</b>				
Forward currency contracts	<b>155</b>	<b>395</b>	(455)	(513)

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 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.

## (f) 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 2005, the Group was committed to purchasing US\$8.50m (2004: US\$6.75m) and GBP£1.55m (2004: GBP£3.55m) at specified rates at various dates in 2006.

A net unrealised gain of €240,000 arising on hedging instruments at 31 December 2005 is currently expected to be recognised in 2006. Net unrealised losses of €58,000 arising on hedging instruments at 31 December 2004 were all recognised in 2005.

**18 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 precisely quantify 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		RTÉ	
	2005 €'000	2004 €'000	2005 €'000	2004 €'000
Contracted but not provided for	<b>1,588</b>	11	<b>436</b>	-
Authorised but not contracted for	<b>3,242</b>	1,930	<b>3,058</b>	1,671
	<b>4,830</b>	1,941	<b>3,494</b>	1,671

**(c) Programme/rights purchase commitments**

	Group		RTÉ	
	2005 €'000	2004 €'000	2005 €'000	2004 €'000
Contracted but not provided for	<b>82,626</b>	38,484	<b>67,074</b>	27,866

**(d) Operating lease commitments**

Annual commitments under operating leases, principally in respect of motor vehicles, which expire:

	Group		RTÉ	
	2005 €'000	2004 €'000	2005 €'000	2004 €'000
Within one year	<b>60</b>	-	<b>23</b>	-
Within two to five years	<b>226</b>	327	<b>120</b>	162
	<b>286</b>	327	<b>143</b>	162

**19 Notes to the Group cash flow statement****(a) Reconciliation of operating surplus to net cash inflow from operating activities**

	2005 €'000	2004 (as restated) €'000
Operating surplus before interest, tax, depreciation and amortisation	<b>17,395</b>	23,743
Difference between pension charge and cash contributions	<b>5,009</b>	3,831
Amortisation of prepaid grants-in-aid	<b>(1,472)</b>	(1,095)
Increase in debtors	<b>(6,116)</b>	(9,198)
Increase in creditors	<b>5,874</b>	13,540
Net cash inflow from operating activities	<b>20,690</b>	30,821

## NOTES CONTINUED

## 19 Notes to the Group cash flow statement (continued)

## (b) Gross cash flows

	2005 €'000	2004 €'000
<b>Returns on investments and servicing of finance</b>		
Interest received	1,597	1,160
Interest paid	-	(1)
	<b>1,597</b>	<b>1,159</b>
<b>Taxation</b>		
Capital gains tax paid on gain on disposal of surplus transmitter site (note 4)	-	(3,266)
	2005 €'000	2004 €'000
<b>Capital expenditure and financial (investment)/divestment</b>		
Payments to acquire tangible fixed assets	(15,158)	(10,868)
Capital grants received	868	868
Net proceeds from the disposal of surplus transmitter site (note 4)	-	16,867
Receipts from sales of tangible fixed assets/insurance proceeds	1,460	155
Proceeds from sale of financial assets	2,120	-
	<b>(10,710)</b>	<b>7,022</b>
	2005 €'000	2004 €'000
<b>Management of liquid resources</b>		
Movement in bank term deposits	(5,938)	(24,607)

## (c) Analysis of changes in net funds

	2005 €'000	2004 €'000	Cash Flow €'000
Cash at bank	1,872	3,273	(1,401)
Liquid resources (term deposits)	65,894	59,956	5,938
	<b>67,766</b>	<b>63,229</b>	<b>4,537</b>

**19 Notes to the Group cash flow statement** *(continued)***(d) Reconciliation of net cash flow to movement in net funds**

	2005 €'000	2004 €'000
(Decrease)/increase in cash	<b>(1,401)</b>	1,356
Increase in liquid resources	<b>5,938</b>	24,607
Increase in net funds	<b>4,537</b>	25,963
Net funds at beginning of year	<b>63,229</b>	37,266
Net funds at end of year	<b>67,766</b>	63,229

**20 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 Television Licence Fee on behalf of the Department of Communications, Marine and Natural Resources.

**21 Approval of financial statements**

The members of the Authority approved the financial statements on 9 March 2006.

## FINANCIAL HISTORY

	2005 €'000	2004 €'000	2003 €'000	2002 €'000	2001 €'000
<b>INCOME &amp; EXPENDITURE</b>					
Television Licence Fees	170,131	166,164	157,425	114,051	94,940
Commercial income	199,757	176,718	155,247	157,947	158,680
<b>Total revenue</b>	<b>369,888</b>	<b>342,882</b>	<b>312,672</b>	<b>271,998</b>	<b>253,620</b>
Operating costs, before interest, tax, depreciation and amortisation <sup>(1)</sup>	(346,338)	(315,308)	(290,491)	(276,140)	(281,777)
Operating costs of STnaG, net of revenue	(1,146)	-	-	-	-
<b>Operating surplus before interest, tax, depreciation and amortisation <sup>(1)</sup></b>	<b>22,404</b>	<b>27,574</b>	<b>22,181</b>	<b>(4,142)</b>	<b>(28,157)</b>
Depreciation & amortisation	(15,955)	(15,672)	(19,486)	(17,795)	(17,720)
Accelerated depreciation/ building impairment	-	(19,039)	-	-	-
Gain/(loss) on disposal of assets	1,684	16,619	(673)	59	(305)
Restructuring costs	-	-	-	(35,368)	(30,896)
<b>Surplus before interest and tax <sup>(1)</sup></b>	<b>8,133</b>	<b>9,482</b>	<b>2,022</b>	<b>(57,246)</b>	<b>(77,078)</b>
Income from financial assets	-	-	-	-	287
Interest receivable	1,597	1,160	1,055	1,706	6,430
Interest payable	(445)	(571)	(816)	(482)	(536)
<b>Surplus/(deficit) before tax on SSAP 24 basis</b>	<b>9,285</b>	<b>10,071</b>	<b>2,261</b>	<b>(56,022)</b>	<b>(70,897)</b>
Tax	-	(3,266)	-	-	-
<b>Surplus/(deficit) after tax on SSAP 24 basis</b>	<b>9,285</b>	<b>6,805</b>	<b>2,261</b>	<b>(56,022)</b>	<b>(70,897)</b>
Impact of FRS 17	7,176	11,899	See note 1	See note 1	See note 1
<b>Surplus/(deficit) after tax on FRS 17 basis</b>	<b>16,461</b>	<b>18,704</b>			
<b>BALANCE SHEET</b>					
Tangible assets	91,690	93,643	118,019	127,455	134,485
Intangible assets	-	-	-	-	756
Financial assets	-	1,615	1,615	1,615	2,284
Net current assets	40,968	36,003	15,443	25,697	66,173
Total assets less current liabilities	132,658	131,261	135,077	154,767	203,698
Capital grants	(13,370)	(14,663)	(16,081)	(16,501)	(15,829)
Provisions for liabilities and charges	(26,994)	(33,589)	(42,792)	(64,323)	(57,904)
<b>Net assets at 31 December excl. pension asset</b>	<b>92,294</b>	<b>83,009</b>	<b>76,204</b>	<b>73,943</b>	<b>129,965</b>
Pension asset	3,253	3,217	51,546	5,479	See note 1
<b>Net assets at 31 December incl. pension asset</b>	<b>95,547</b>	<b>86,226</b>	<b>127,750</b>	<b>79,422</b>	
<b>CASH FLOW</b>					
<b>Net cash flows from operating activities</b>	<b>20,690</b>	<b>30,821</b>	<b>24,842</b>	<b>(5,180)</b>	<b>(30,673)</b>
Non-operating exceptional items	(7,040)	(9,773)	(19,535)	(22,166)	(18,872)
Returns on investment	1,597	1,159	1,047	1,460	6,331
Taxation	-	(3,266)	-	-	(76)
Capital expenditure and financial investment	(10,710)	7,022	(10,013)	(11,001)	(28,053)
Net funds at 1 January	63,229	37,266	40,925	77,812	149,155
<b>Net funds at 31 December</b>	<b>67,766</b>	<b>63,229</b>	<b>37,266</b>	<b>40,925</b>	<b>77,812</b>
<b>EMPLOYEE HEADCOUNT</b>					
Establishment before regularisations	1,974	1,856	1,712	1,692	2,001
Retrospective estimate of staff previously engaged as contractors	313	313	313	313	313
RTÉ (excl. TG4)	2,287	2,169	2,025	2,005	2,314
TG4	107	110	110	103	96
<b>Total at 31 December</b>	<b>2,394</b>	<b>2,279</b>	<b>2,135</b>	<b>2,108</b>	<b>2,410</b>

<sup>(1)</sup> Operating costs, operating surplus before interest, tax, depreciation and amortisation and the surplus before interest and tax are calculated above on the basis set out in SSAP 24, with the impact of FRS 17 on the statement of income and expenditure for 2004 and 2005 separately shown. The balance sheets at 31 December 2002, 2003, 2004 and 2005 have been restated for the adoption of FRS 17. Restated FRS 17 balance sheet information for 2001 is not included above as, in the opinion of the members of the Authority, unnecessary expense would be incurred to obtain the relevant information.



# CHARTER

The *Public Service Broadcasting Charter*, published by Government in June 2004, identifies the guiding principles for RTÉ and includes a number of specific reporting requirements. These reporting requirements have been dealt with elsewhere in this report, other than as set out below.

## Audience Council

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

### Structure and Composition

- The Council acts as an advisory group to the RTÉ Authority
- The Chairman of the Authority's Programme Committee is an ex-officio ordinary member of the Council
- The Council consists of representative and individual members who have a general interest in broadcasting and, in the case of representatives, a specialist interest in one or more of the key strands of programming
- Each Council has a life span of four years and elects a Chairman annually from among its members. A designated Secretary will be provided by RTÉ.

The members of the Council participate on a voluntary basis, being reimbursed vouched expenses only.

The Council held five meetings during 2005. Revd. Dr Alan McCormack was elected unopposed to the post of Chairman of the Council at the January meeting.

The Director-General of RTÉ, Cathal Goan, met with the Council at its January meeting. A useful exchange of views took place. The Director-General assured the Council that RTÉ attaches great importance to its work and its views are taken seriously and fed back into the internal editorial processes. In response to a request from Council at a subsequent meeting, the RTÉ Group Secretary prepared a paper outlining the detail of this feedback/input. It was agreed at the January meeting to focus on specific genres of programming at subsequent meetings to enable the Council to be more effective and that relevant RTÉ executive(s) would be invited to participate in these discussions.

In March, the Council hosted a joint meeting with the BBC Broadcasting Council for Northern Ireland, where issues of mutual interest were discussed. It was agreed that there would be ongoing contact between the two Councils as this inaugural meeting had proved useful. There will be a reciprocal visit to Belfast during 2006. One of the Council members also attended at a BBCNI Roadshow held during March.

The issue of diversity continued to be discussed during 2005 and will continue to be a focus of attention for the Council. The draft document on multi-culturalism had been agreed by RTÉ Television management and RTÉ took note of the Council's request that it be re-titled *Policy on Diversity*. The Council commended RTÉ on being proactive in producing this document.

The strands of programming reviewed by members and discussed during the year included: television soaps; business reporting on radio; daytime schedules on RTÉ One and RTÉ Two; non-music Arts programming on Radio and Young People's programmes on Television.

The Council reviewed coverage of the death and funeral of Pope John Paul II and the election and installation of Pope Benedict XVI. Overall, RTÉ's coverage was considered satisfactory. The Council also considered RTÉ's coverage of the National Day of Commemoration and the general consensus was that this had been well done and contributed to the importance and solemnity of the occasion.

At the end of its second year, the Council was of the view that it had settled in and was now more effective and constructive in its discussions during the year.

## Statement of Commitments

In the first quarter of the year, RTÉ published its Statement of Commitments 2005. The document was disseminated widely in hard copy and was placed on RTÉ.ie. 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 Indecon, International Economic Consultants, in November/December 2005.

# CHARTER CONTINUED

The following charts summarise the commitments made and the level of achievement in each case.

Corporate Commitments	Results
<p>In 2005 RTÉ will:</p> <ul style="list-style-type: none"> <li>Focus on year one of implementation of the <i>Guiding Principles – Implementing the Public Service Broadcasting Charter</i> to ensure we meet our responsibilities under the Public Service Broadcasting Charter</li> </ul>	<ul style="list-style-type: none"> <li>Commitment achieved</li> </ul>
<ul style="list-style-type: none"> <li>Work with the Department of Communications, Marine and Natural Resources to facilitate the development of the most appropriate Digital Broadcasting Strategy for Ireland</li> </ul>	<ul style="list-style-type: none"> <li>Scenario submitted to Department of Communications, Marine &amp; Natural Resources during Q4 2005</li> </ul>
<ul style="list-style-type: none"> <li>Develop a position on the organisation's Corporate Social Responsibilities for consideration and adoption by the new Authority and subsequent publication</li> </ul>	<ul style="list-style-type: none"> <li>Policy ready for consideration by RTÉ Authority Q1 2006</li> </ul>
<ul style="list-style-type: none"> <li>Ensure the organisation is in a position to meet the new legislation language requirements - likely to be scheduled for implementation by RTÉ in late 2005 or early 2006</li> </ul>	<ul style="list-style-type: none"> <li>Preparations made</li> </ul>
<ul style="list-style-type: none"> <li>Facilitate the work of the Department of Communications, Marine and Natural Resources in the development of a new legislative framework for RTÉ and other Irish regulated broadcasters</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>
<ul style="list-style-type: none"> <li>Develop, for consideration and adoption by the new RTÉ Authority, a five-year business plan based on principles articulated in <i>RTÉ's Guiding Principles – Implementing the Public Service Broadcasting Charter</i></li> </ul>	<ul style="list-style-type: none"> <li>Work in progress, plan to be submitted by agreement to Department of Communications, Marine &amp; Natural Resources at end of Q1 2006</li> </ul>
<ul style="list-style-type: none"> <li>Be the Premier Partner of Cork 2005 (European Capital of Culture) and work with the organisers to maximise the opportunities for the city and the country while benefiting RTÉ's output and relationship with the region</li> </ul>	<ul style="list-style-type: none"> <li>Commitment achieved</li> </ul>
<ul style="list-style-type: none"> <li>Consolidate the strategic relationship developed in 2004 with Metro Éireann and the Amateur Drama Council of Ireland</li> </ul>	<ul style="list-style-type: none"> <li>Commitment achieved</li> </ul>
<ul style="list-style-type: none"> <li>Ensure corporate sponsorships deliver maximum output opportunities for IBDs</li> </ul>	<ul style="list-style-type: none"> <li>Commitment achieved</li> </ul>
<ul style="list-style-type: none"> <li>Maintain the very high level of accountability and transparency developed over recent years as evidenced by the <i>Code of Fair Trading</i>, new format Annual Report, Complaint Procedures etc.</li> </ul>	<ul style="list-style-type: none"> <li>Commitment achieved</li> </ul>

**RTÉ RADIO**

<b>RTÉ Radio 1 Commitments</b>	<b>Results</b>
Minimum of 26 hours of Social Documentaries (factual)	Commitment achieved
Minimum of 30 hours of Drama/Comedy for Younger Audiences	Commitment exceeded by 25%
Minimum of 60 hours of Regional Focus (cross genre) including OBs, Agriculture, Special Events Coverage ex Regions, Local Government	Commitment exceeded by 60%
Sport - RTÉ Radio 1 Up to five new voices on air	Commitment achieved. Four new voices on air
Irish Language (cross genre) - New three hours	Commitment achieved
1,265 hours of News & Current Affairs	Commitment 99% achieved
OFF AIR SUPPORTING Commitments: - annual nationwide effort - All Ireland Musical	Auditions commenced 9 November 2005
(News & Current Affairs) - establishment of Investigative Unit	Commitment achieved
<b>RTÉ 2fm Commitments</b>	<b>Results</b>
Student Access - nine hours of examination focus and ten hours made by transition year students	Commitment achieved
Children's & Education - 25 workshops	Commitment exceeded by 24%
New & original music production to include: Two major festivals 40 sessions 45 hours	Commitment achieved Commitment exceeded by 7% Commitment exceeded by 33%
Minimum of 180 hours of programming from the regions (cross genre)	Commitment exceeded by 41%
Minimum of 50 hours of Sports programming	Commitment achieved
Minimum of 416 hours of alternative music	Commitment achieved
Minimum of 469 hours of News and Current Affairs	Commitment 99% achieved

**CHARTER** CONTINUED**RTÉ RADIO** *(continued)*

<b>RTÉ Raidió na Gaeltachta Commitments</b>	<b>Results</b>
Minimum of ten hours of Drama programming	Commitment exceeded by 20%
Minimum of 68 hours of Factual programming	Commitment achieved
Minimum of 30 hours of Young Peoples programming (Children's & Education)	Commitment exceeded by 23%
Minimum of 108 hours of programming from the regions (cross genre)	Commitment exceeded by 38%
Minimum of 874 hours of News and Current Affairs	Commitment exceeded by 3%
<b>RTÉ lyric fm Commitments</b>	<b>Results</b>
Education & Outreach - minimum of 40 school visits	Commitment achieved
Minimum of 215 Outside Broadcasts of regional festivals, venues and events	Commitment exceeded by 6%
Music commissions - ten commissions and ten broadcasts	Commissions exceeded by 30% Broadcasts 40% achieved
Speech commissions (factual & arts) - nine hours	Commitment achieved
Minimum of 133 hours of News	Commitment achieved
EBU - 40 offerings	Commitment achieved

**RTÉ TELEVISION**

<b>RTÉ One - Peak Time Commitments</b>	<b>Results</b>
Minimum of 117 hours of Drama including new and returning series	Commitment exceeded by 7%
Minimum of 353 hours of Factual programming including Arts, Education and Religious	Commitment exceeded by 2%
Minimum of 240 hours of Entertainment and Music	Commitment exceeded by 11%
Minimum of 557 hours of News, Current Affairs and Weather	Commitment exceeded by 4%
<b>RTÉ Two - Peak Time Commitments</b>	<b>Results</b>
Minimum of 20 hours of Drama	Commitment exceeded by 170%
Minimum of 95 hours of Entertainment and Music	Commitment exceeded by 32%
Minimum of 40 hours of Factual including Arts, Education, Religious	Commitment exceeded by 27%
Minimum of 78 hours of News, Current Affairs and Weather	Commitment exceeded by 3%
<b>RTÉ Television - across both channels, all time</b>	<b>Results</b>
Subtitling - increase to 3,900 hours	Commitment exceeded by 24%
Minimum of 1,069 hours of News, Current Affairs and Weather	Commitment exceeded by 5%
Minimum of 650 hours of Young People's programming	Commitment exceeded by 13%
700 hours of Sports programming	Commitment exceeded by 10%

# CHARTER CONTINUED

## RTÉ PERFORMING GROUPS

Commitments	Results
<ul style="list-style-type: none"> <li>RTÉ National Symphony Orchestra (RTÉ NSO) - 58 performances</li> </ul>	<ul style="list-style-type: none"> <li>Commitment exceeded (62)</li> </ul>
<ul style="list-style-type: none"> <li>RTÉ Concert Orchestra - 82 performances</li> </ul>	<ul style="list-style-type: none"> <li>Commitment exceeded (89)</li> </ul>
<ul style="list-style-type: none"> <li>RTÉ Vanbrugh Quartet - 28 performances</li> </ul>	<ul style="list-style-type: none"> <li>Commitment achieved (28)</li> </ul>
<ul style="list-style-type: none"> <li>RTÉ Choirs - 6 performances</li> </ul>	<ul style="list-style-type: none"> <li>Commitment achieved (6)</li> </ul>
<ul style="list-style-type: none"> <li>RTÉ NSO with the RTÉ Philharmonic Choir - 8 performances</li> </ul>	<ul style="list-style-type: none"> <li>Commitment exceeded (9)</li> </ul>
<ul style="list-style-type: none"> <li>Guest ensembles - 3 performances</li> </ul>	<ul style="list-style-type: none"> <li>Commitment exceeded (5)</li> </ul>
<ul style="list-style-type: none"> <li>75 education related performances and workshops</li> </ul>	<ul style="list-style-type: none"> <li>Commitment exceeded (94)</li> </ul>

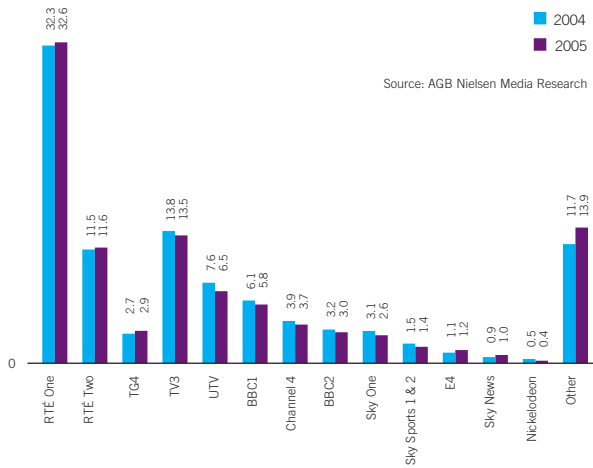
## RTÉ PUBLISHING

Commitments	Results
<p><b>RTÉ Guide</b> will publish</p> <ul style="list-style-type: none"> <li>Twelve monthly supplements for Cork 2005, European Capital of Culture, to mark RTÉ being the event's Premier Partner</li> <li>Other occasion special event supplements</li> <li>A weekly Irish language column</li> </ul>	<ul style="list-style-type: none"> <li>Commitment achieved</li> <li>Twelve supplements, four posters, one DVD, three CDs</li> <li>Commitment achieved</li> </ul>
<p><b>e-Publishing</b> will</p> <ul style="list-style-type: none"> <li>Publish comprehensive guidelines outlining RTÉ.ie's editorial and commercial policies on the Web</li> <li>Make RTÉ broadcast content available for distribution on broadband platforms (computers and mobile phones)</li> <li>Grow the current RTÉ web audience by endeavouring to increase the average monthly page impressions by at least 20%</li> <li>Launch new web sites, RTÉ Shop and RTÉ Travel</li> <li>Redevelop the <i>About RTÉ</i> section into a better quality point of access for the audience</li> <li>Maintain the analogue RTÉ Aertel teletext service as a popular and reliable 'one stop-shop' for general information service</li> </ul>	<ul style="list-style-type: none"> <li>During 2005, the proposal was scoped and the full extent of additional legal requirements was realised (e.g. the inability to police children accessing the website with different requirements in different jurisdictions). e-Publishing will develop comprehensive guidelines with a view to submitting a draft proposal to the RTÉ Authority by the end of 2006</li> <li>Commitment achieved - 40 hours of broadband content available on RTÉ.ie per week covering News, Sport and Lifestyle</li> <li>Commitment achieved - e.g. October 2005 monthly traffic up 52% on October 2004 monthly traffic</li> <li>Commitment achieved</li> <li>Commitment achieved</li> <li>Commitment achieved - latest measurement shows that 858,000 households use Aertel (92% of all Aertel homes). Source: <i>Nielsen Establishment Survey</i>. 2.06m individuals access the service. Source: <i>Behaviour and Attitudes</i></li> </ul>

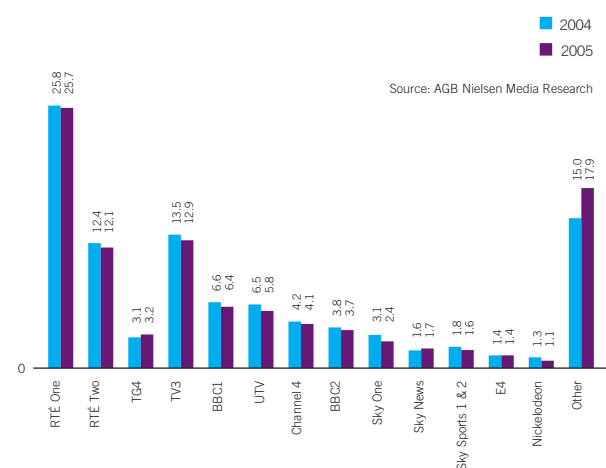
# ADDITIONAL STATISTICAL INFORMATION

## RTÉ Television - National channel shares

**National Individual Peak-time Channel Shares  
Jan-Dec 2005 vs 2004\***



**National Individual All Day Channel  
Jan-Dec 2005 vs 2004\***



## Most watched TV programmes (000's of viewers)

### TOP 10 PROGRAMMES\* IN 2005

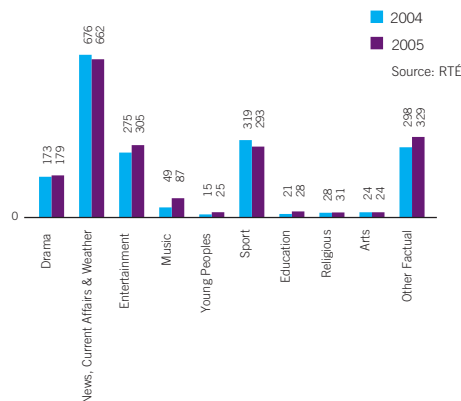
Base: National, Individuals aged 4+

Rank	Programme	Chan	Day	Date	Time	TVR	000s	Share
1	The Late Late Toy Show	RTÉ One	Fri	02-12-2005	21:35 - 23:58	29.3	1119	69.7
2	You're a Star Live - The Result	RTÉ One	Sun	06-03-2005	21:28 - 21:46	24.4	916	62.4
3	Rose of Tralee 2005 - Final	RTÉ One	Tue	23-08-2005	21:34 - 23:17	23.5	881	57.9
4	All Ireland Football Final (Kerry v Tyrone)	RTÉ Two	Sun	25-09-2005	14:54 - 17:32	23.2	887	73.2
5	Rip-off Republic	RTÉ One	Mon	05-09-2005	21:36 - 22:14	21.9	838	54.1
6	A Killinaskully Christmas Carol	RTÉ One	Sun	25-12-2005	22:01 - 22:27	21.6	825	43.0
7	RTÉ News: Nine O'Clock	RTÉ One	Mon	17-01-2005	21:00 - 21:25	21.3	800	53.2
8	World Cup Qualifier (Rep. of Ireland v Switzerland)	RTÉ Two	Wed	12-10-2005	19:00 - 22:06	20.1	769	50.0
9	Coronation Street	TV3	Mon	07-11-2005	19:29 - 19:55	19.8	756	46.4
10	Fair City	RTÉ One	Wed	16-02-2005	20:03 - 20:56	19.5	733	52.7

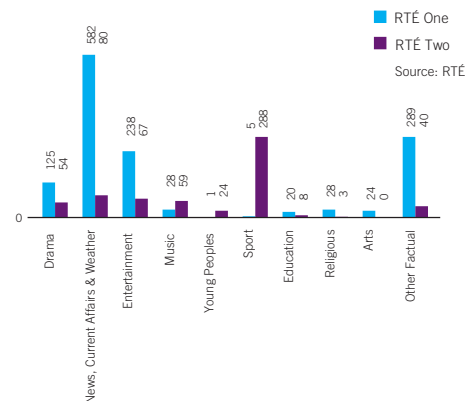
\* Highest ranking programme. Programmes ranked on TV Rating (TVR). Universe change September. Averaging Option: Any Day, Any Time (Best Episode). News programmes are included. Min. programme duration 15 minutes

Source: AGB Nielsen Media Research

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



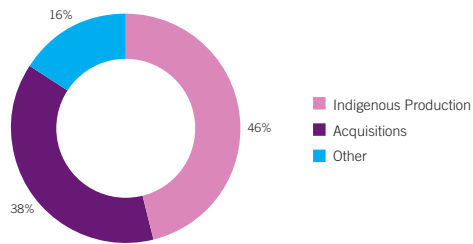
## Indigenous hours broadcast on RTÉ Television in peak time by genre 2005



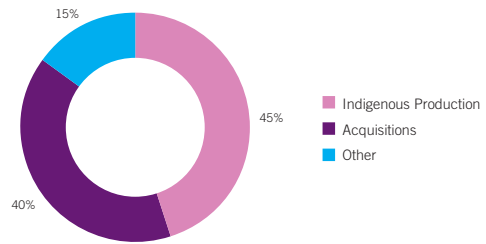
# ADDITIONAL STATISTICAL INFORMATION CONTINUED

## RTÉ Television peak time content analysis (Source: RTÉ)

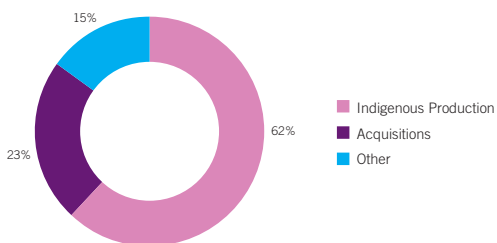
**All RTÉ 2005**



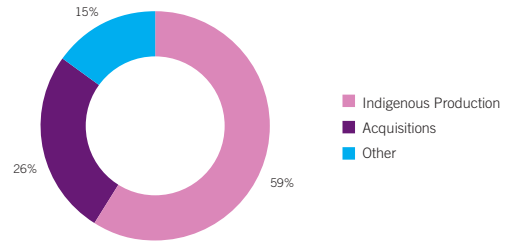
**All RTÉ 2004**



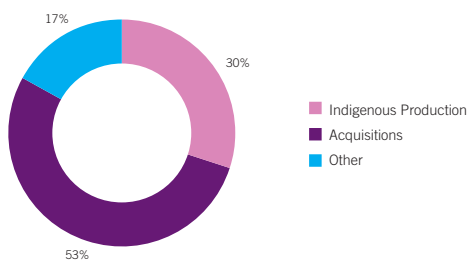
**RTÉ One 2005**



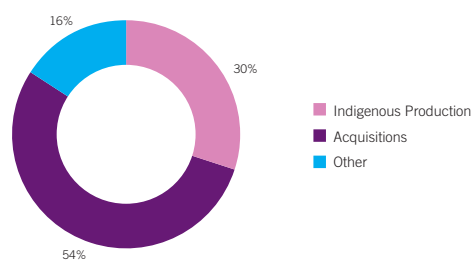
**RTÉ One 2004**



**RTÉ Two 2005**

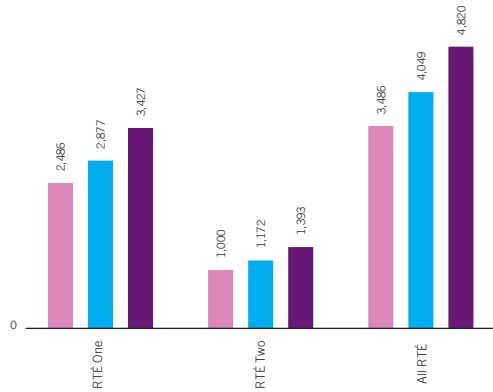


**RTÉ Two 2004**

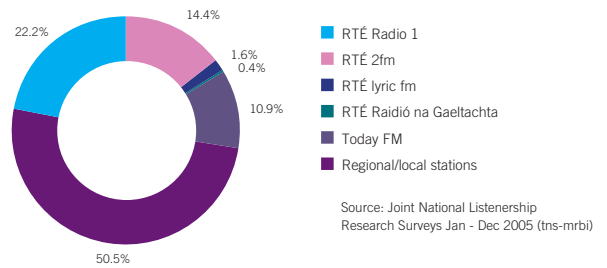




**Subtitling RTÉ One & RTÉ Two - all time**



**National Shares of Radio Listening 2005**



**Top 20 All Week National Radio Programmes**

RTÉ Radio continues to deliver 18 out of the top 20 programmes in Ireland, with seven of those at the weekend

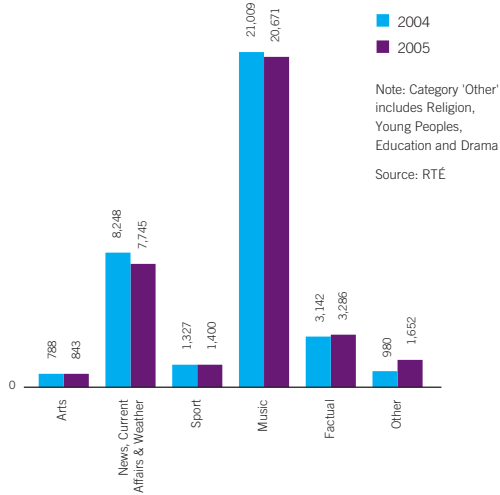
2005 Ranking	Programme (Mon-Fri)	Station	Time-block*	"Number of Adults aged 15+"
1	Morning Ireland	RTÉ Radio 1	07:00-09:00	476,000
2	Marian Finucane/Tubridy Show	RTÉ Radio 1	09:00-10:00	339,000
3	Gerry Ryan	RTÉ 2FM	09:00-12:00	331,000
4	Liveline with Joe Duffy	RTÉ Radio 1	13:45-14:45	322,000
5	News at One	RTÉ Radio 1	13:00-13:45	312,000
6	Today with Pat Kenny	RTÉ Radio 1	10:00-12:00	293,000
7	Playback	RTÉ Radio 1	Sat 09:00-10:00	279,000
8	Mooney Goes Wild	RTÉ Radio 1	Sat 10:00-11:00	257,000
9	Marian Finucane/Various	RTÉ Radio 1	Sat 11:00-13:00	238,000
= 10	The Saturday Show	RTÉ 2FM	Sat 12:00-15:00	223,000
= 10	Ray D'Arcy Show	Today FM	09:00-12:00	223,000
12	Marty in the Morning/Various	RTÉ 2FM	06:00-09:00	217,000
13	Ian Dempsey Breakfast Show	Today FM	06:00-09:00	213,000
14	Marian Finucane/Various	RTÉ Radio 1	Sun 11:00-13:00	211,000
15	Five Seven Live	RTÉ Radio 1	17:00-19:00	200,000
16	Damien Farrelly	RTÉ 2FM	12:00-14:00	197,000
= 17	John Creedon	RTÉ Radio 1	12:00-13:00	193,000
= 17	This Week	RTÉ Radio 1	Sun 13:00-14:00	193,000
19	World Report/Bowman Saturday	RTÉ Radio 1	Sat 08:00-09:00	191,000
20	Damien McCaul/Ruth Scott	RTÉ 2FM	16:00-18:00	188,000

\* Timeblocks Mon-Fri unless otherwise specified

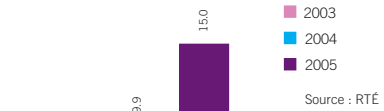
Source: Joint National Listenership Research Surveys Jan-Dec 2005 (tns-mrbi)

# ADDITIONAL STATISTICAL INFORMATION CONTINUED

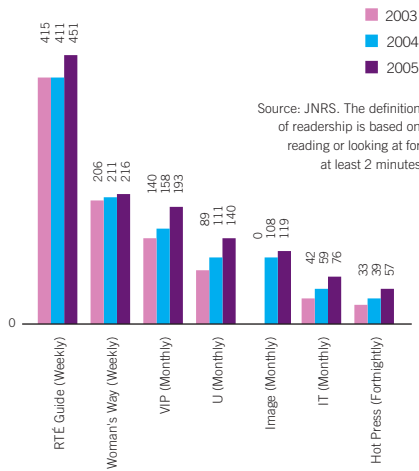
**RTÉ Radio hours by genre**



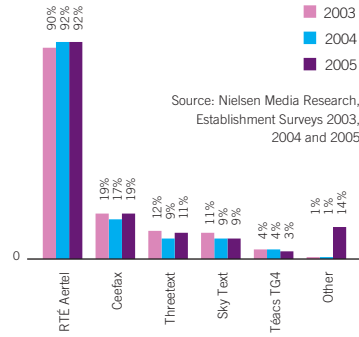
**RTÉ.ie average page impressions per month (millions)**



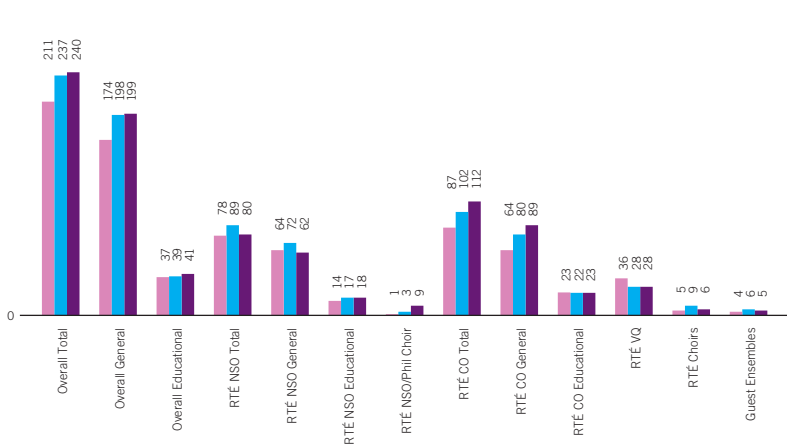
**National Adults 15+ average readership of Irish magazines per issue (000's)**



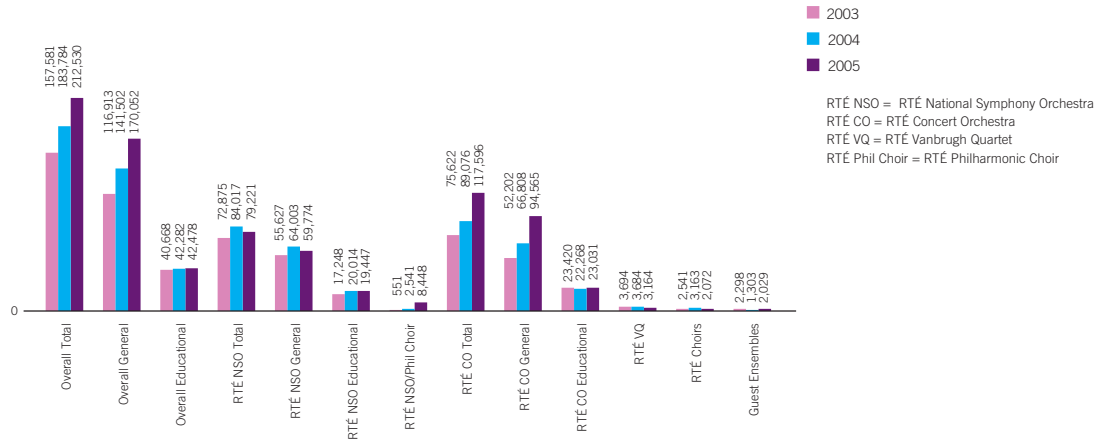
**Type of teletext in all households who make use of teletext**



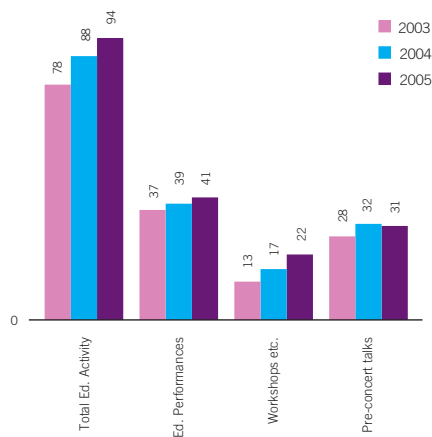
**RTÉ Performing Groups performances**



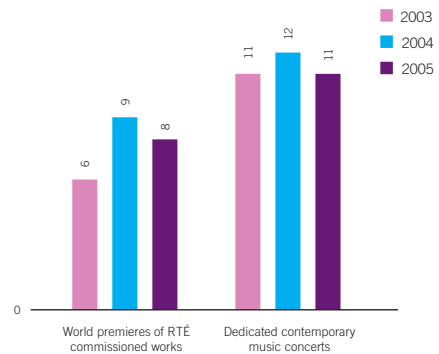
### RTÉ Performing Groups attendances



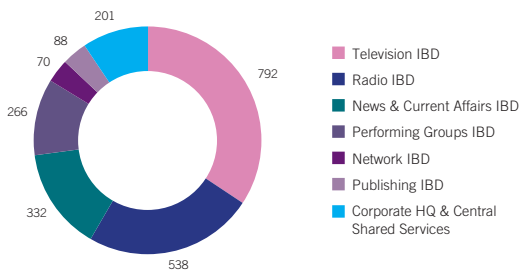
### RTÉ Performing Groups educational activities



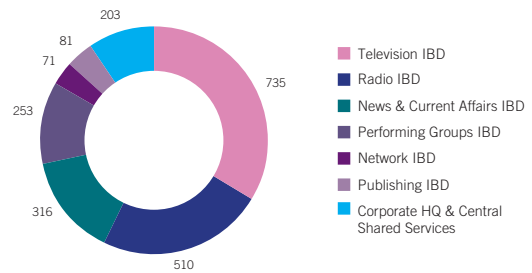
### RTÉ Performing Groups contemporary music activities



### Group staff analysis at 31 Dec 2005 (excl STnaG)

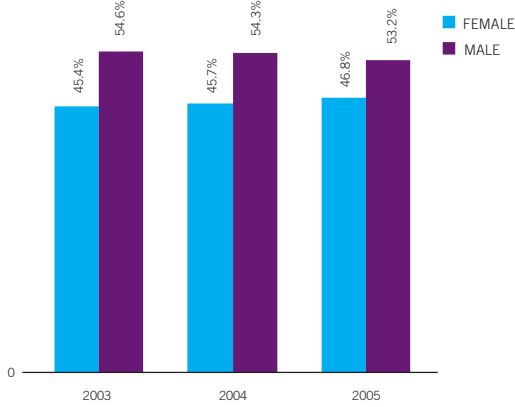


### 31 Dec 2004 (excl STnaG)

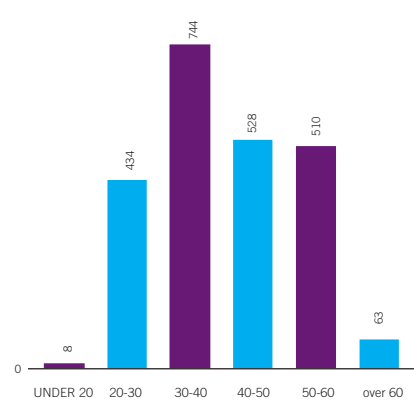


# ADDITIONAL STATISTICAL INFORMATION CONTINUED

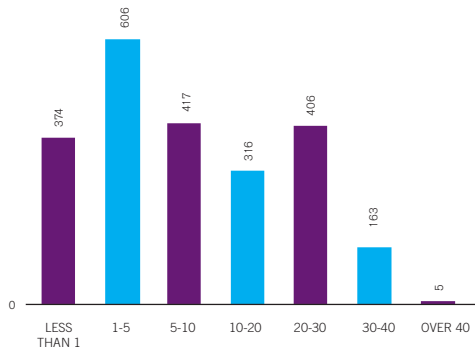
**Staff gender analysis at 31 Dec 05 (excl STnaG)**



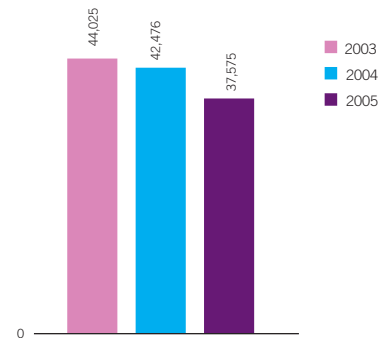
**Staff ages at 31 Dec 05 (excl STnaG)**



**Staff analysis by years of service at 31 Dec 05 (excl STnaG)**

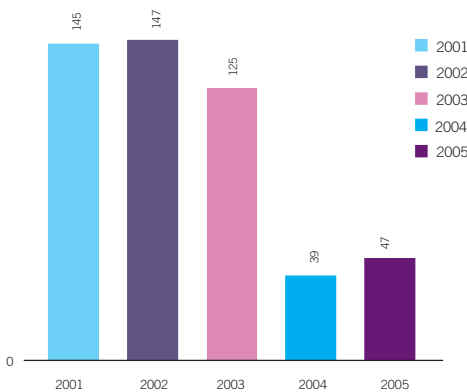


**RTÉ Information Number of telephone calls**



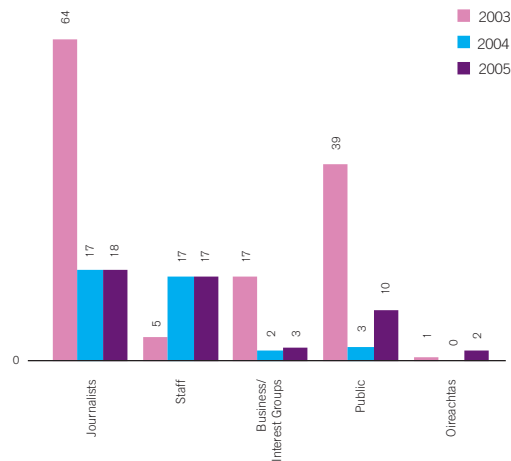
The decrease in the number of telephone calls has been accompanied by an increase in the number of e-mails received. The measurement of the number of e-mails received began in July 2004. 3,208 e-mails were received from July-December 2004, with 5,401 in the same period in 2005. Almost 9,000 e-mails were received in 2005.

**Freedom of Information requests to RTÉ (excl STnaG)**

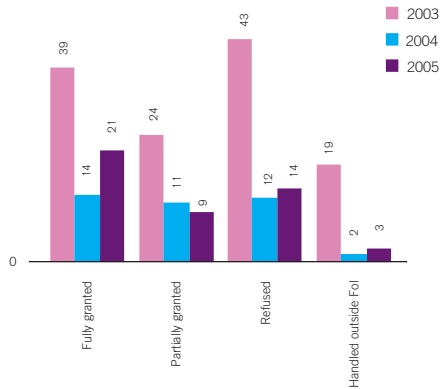


The reduced usage of FoI is attributed to mandatory handling charges which the Government introduced in July 2003

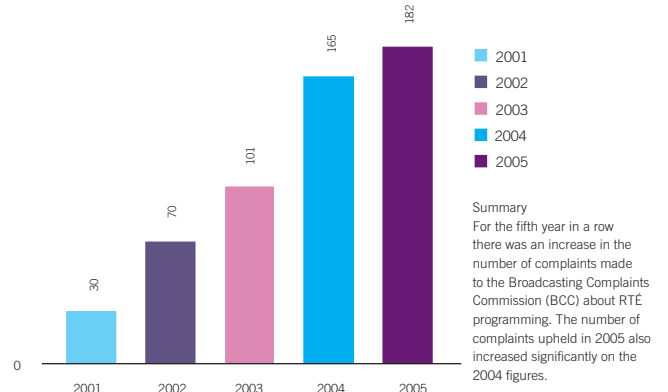
**Freedom of Information applicants (excl STnaG)**



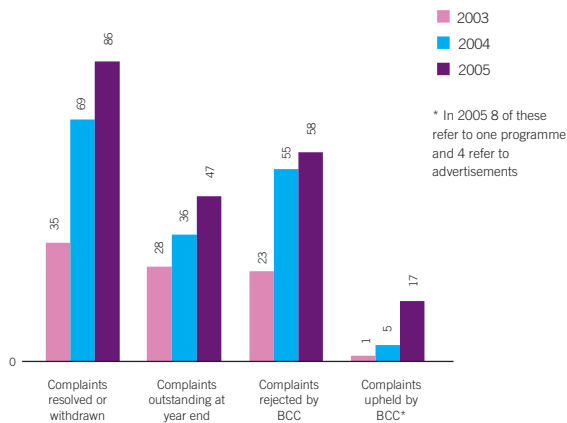
**Freedom of Information responses (excl STnaG)**



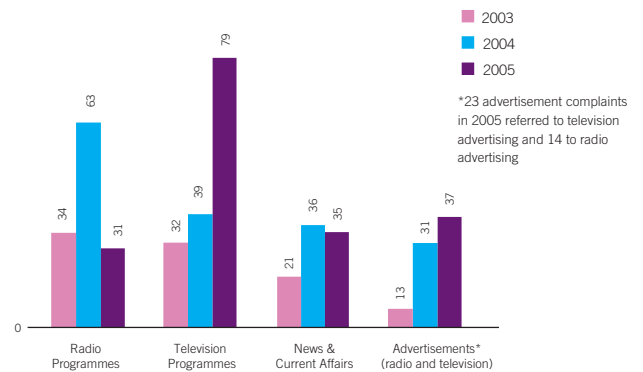
**Number of complaints forwarded by the BCC to RTÉ**



**BCC adjudications of complaints about RTÉ output**



**Output areas generating complaints  
BCC adjudications categorised in output areas**



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