

RTÉ

RADIO TELEFÍS ÉIREANN ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS 2007



Contents

Highlights	3	Independent Auditor's Report	39
Organisation Structure	4	Statement of Accounting Policies	40
What we do	5	Group Income Statement	44
Chairman's Statement	6	Group and RTÉ Statement of Total	
Director-General's Review	7	Recognised Income and Expense	45
Operational Reviews	8	Group Balance Sheet	46
Financial Review	26	Group Cash Flow Statement	47
Authority	30	RTÉ Balance Sheet	48
Executive Board	32	RTÉ Cash Flow Statement	49
Corporate Governance	34	Notes to the Financial Statements	50
Authority Members' Report	37	Charter	81
Statement of Authority Members' Responsibilities	38	Other Statistical Information	92
		Financial History	95

Radio Telefís Éireann Authority
 Forty-seventh Annual Report and Group Financial
 Statements for the 12 months ended 31 December 2007,
 presented to the Minister for Communications, Energy and
 Natural Resources pursuant to sections 25 and 26 of the
Broadcasting Authority Act, 1960.

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 major events



Highlights

Financial Highlights

€195.7m

Licence revenue,
an increase of 7.1%

€245.5m

Commercial revenue,
an increase of 10.5%

Performance Highlights

9 of the 10

most watched TV programmes were on RTÉ and all nine were home produced

70k in Jan to 880k in Dec

the increase during 2007 in the number of podcasts downloaded from RTÉ.ie

4

new RTÉ Radio digital stations were launched during the year: RTÉ 2XM, RTÉ Gold, RTÉ Junior and RTÉ Digital Radio News

2

new locations for RTÉ Nuacht

General Election Highlights

68%

the number of voters in the General Election who had watched the Leaders' Debate on RTÉ Television

All 43

constituencies in the country had journalists reporting into RTÉ Radio during the General Election count

10m

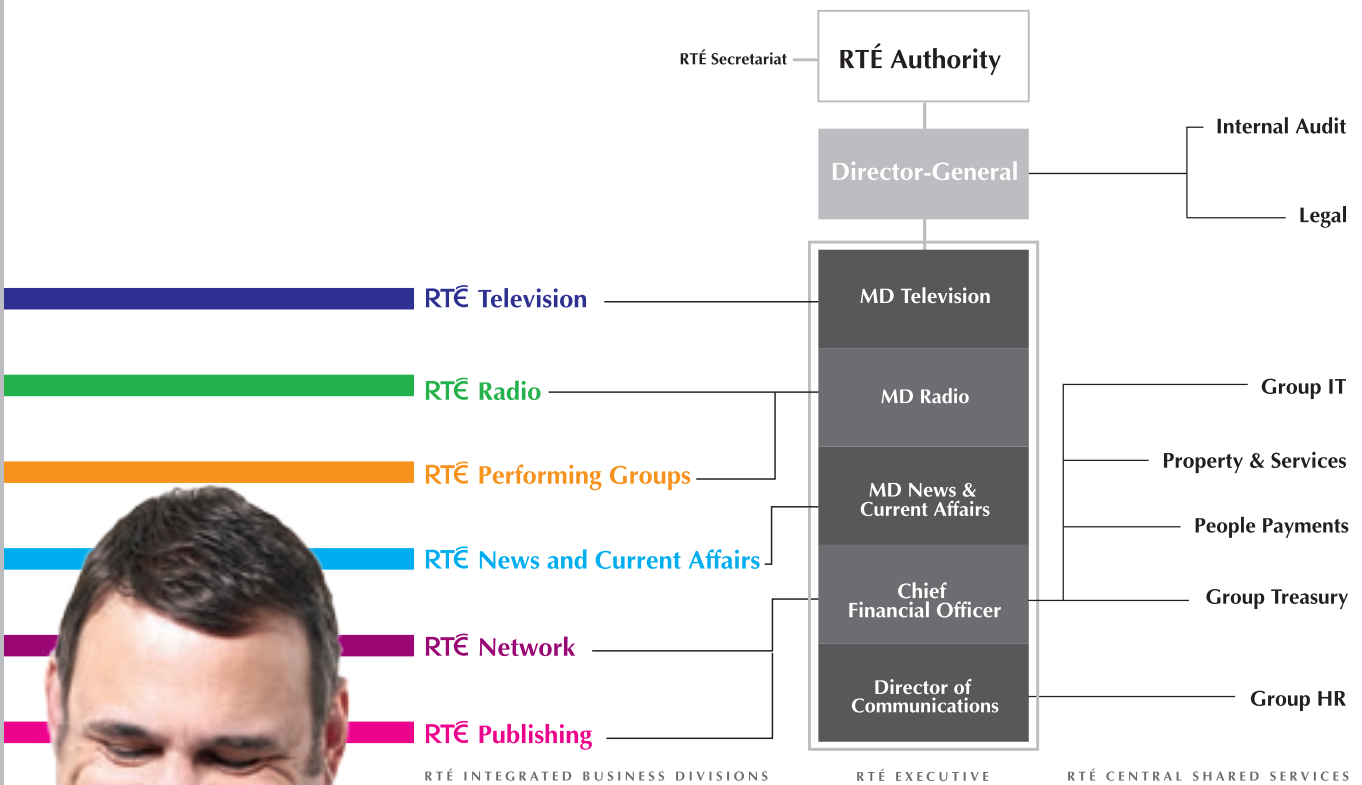
hits on RTÉ.ie during the four days of the General Election and count

789k

was the peak viewing figure for the RTÉ Nine O'Clock News on the day of the General Election count

Organisation Structure

RTÉ's organisational structure is as follows:



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.



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:

<p>RTÉ Television</p> <p>RTÉ operates two complementary free-to-air television channels:</p> <ul style="list-style-type: none"> • RTÉ One - the home of authoritative television news and current affairs coverage of national and international stories. A comprehensive range of home-produced Irish factual, entertainment, drama and lifestyle programming is complemented by selected acquired material. • RTÉ Two - a mixed-genre channel appealing to niche audiences across the schedule. During daytime its primary focus is children and sports; in the evening it targets viewers of a young mindset with innovative drama, entertainment and key acquisitions. 	<p>RTÉ Radio</p> <p>RTÉ operates four radio stations:</p> <ul style="list-style-type: none"> • RTÉ Radio 1 - with news, information, feature strands, debate and sport. • RTÉ 2fm - the national leader in talk and popular music for the under-35s. • RTÉ lyric fm - a classical music and arts channel. • RTÉ Raidió na Gaeltachta - an Irish language service, similar in content to RTÉ Radio 1 but with special attention paid to traditional music and local news in the various Gaeltacht communities. 	<p>RTÉ News and Current Affairs</p> <ul style="list-style-type: none"> • RTÉ provides independent, accurate and impartial news and current affairs programming, in both languages, across all services, including radio, television and RTÉ.ie.
<p>RTÉ Network</p> <ul style="list-style-type: none"> • RTÉNL - provides a national transmission network, for RTÉ Radio and Television, TG4, 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. 	<p>RTÉ Publishing</p> <p>RTÉ Publishing operates three of Ireland's leading media services:</p> <ul style="list-style-type: none"> • RTÉ Guide - the best-selling Irish weekly magazine. • RTÉ Aertel - the leading free-to-air teletext service. • RTÉ.ie - the most popular media website offering a range of free web based Online services. 	<p>RTÉ Performing Groups</p> <p>RTÉ is a major contributor to the arts in Ireland, and operates five performing groups:</p> <ul style="list-style-type: none"> • RTÉ National Symphony Orchestra. • RTÉ Concert Orchestra. • RTÉ Vanburgh Quartet. • RTÉ Philharmonic Choir. • RTÉ Cór na nÓg.

Chairman's Statement



Mary Finan Chairman

2007 was an extremely busy and challenging year for RTÉ at the end of which I am happy to report performance ahead of budget. Again, following an independent assessment commissioned by the Department of Communications, Energy and Natural Resources (DCENR), the Government approved an increase in the Licence Fee with effect from January 2008.

General election years always provide a particular set of challenges for Public Service Broadcasters. As much as the election itself must be conducted fairly, it must also be seen and understood to be fair by both those seeking election and by those voting. Central to RTÉ's Vision of maintaining the trust of the people of Ireland is to provide news and current affairs that is impartial and fair. At no time is this more important than during national elections.

I am pleased to say that I believe RTÉ played its part in Election 2007 both during the campaign and after the votes had been cast, providing a forum for lively debate, fair reporting and special programming. Overall RTÉ's coverage, in two languages and across four different media platforms brought comprehensive and immediate live coverage to a national and worldwide audience via Television, Radio, Internet, Aertel and SMS text alert service. It was our most thorough and ambitious election coverage ever and I believe it lies at the heart of what constitutes responsible Public Service Broadcasting. I would like to record my thanks to all those involved.

Despite delays in the introduction of consolidated broadcasting legislation, 2007 did see important legislative changes with the passing of the *Broadcasting Amendment Act*, which will have a significant impact on RTÉ. Under the Act which came into law in April 2007, RTÉ is now obliged to address the issues of Digital Terrestrial Television (DTT) and broadcasting services to the Irish diaspora.

Since April considerable progress has been made in planning for the delivery of a cost effective RTÉ service for the Irish diaspora. A new and important departure for RTÉ this is likely to involve both traditional and new media technologies and I look forward to developments in 2008. I look forward to working with Minister Ryan and the officials in his department on this issue and I can confidently say that RTÉ will continue to lead efforts in regard to the roll out of DTT in Ireland.

Throughout 2007 RTÉ supported the ongoing DTT trials and in July co-hosted with the DCENR the launch by Minister Eamonn Ryan T.D. of the first live broadcast of an Irish event in High-Definition Television. It was the Leinster Football final in Croke Park.

RTÉ, across all output, continued to focus very successfully on home-produced content. This had the dual benefit of consolidating audiences and commercial revenue. In the course of developing new content we occasionally address unpalatable stories that are in the public interest. One such story was the widespread abuse of cocaine in Ireland. Amongst the coverage the television series *High Society* was the subject of considerable media debate towards the end of 2007. I believe the issue was addressed in a serious, honest and fair manner by those responsible for the series.

Just as 2007 saw RTÉ take on new responsibilities it was also a year in which we relinquished a very significant one. On the 1st of April TG4 became a separate statutory body, an independent public service broadcaster. This was an important milestone in Irish broadcasting and I would very much like to wish Peter Quinn, his board and all the staff at TG4 the best for the future.

Sadly, 2007 saw the passing of former RTÉ Authority Chairman, Patrick J. Wright. We are very much indebted to him for the courage and leadership he showed in preparing RTÉ to tackle the challenges we now face. I would like to record my sincere gratitude for the rich legacy he has left us and to extend condolences, on behalf of all at RTÉ, to his family, friends and colleagues.

Finally, I would like to thank my colleagues on the Authority for their commitment and support, the staff of RTÉ whom I am very proud to represent and of course the viewers and listeners who continue, despite a dramatic proliferation in choices, to retain a special loyalty to our programmes and services.

Given the levels of activity anticipated in 2008, the continued close working relationship and open communication with officials of the Department of Communications, Energy and Natural Resources is vital. We are grateful to Minister Eamon Ryan and his officials for that full engagement.

Mary Finan

“RTÉ is now obliged to address the issues of Digital Terrestrial Television (DTT) and broadcasting services to the Irish diaspora.”

Director-General's Review



Cathal Goan Director-General

Overview of 2007

2007 was a very busy and a very successful year - as evident from the detailed reports for each area of RTÉ activities listed below. RTÉ content, in all its manifestations and on all platforms, enjoyed significant audiences and, despite the growing competition, maintained - and in some cases increased - its share of the audience. Taken together with a very strong commercial performance, this positions RTÉ well for the many challenges facing public service media in 2008 and the coming years.

Pressures facing every organisation in a competitive environment remain to the fore, and this is especially true for an organisation with a change agenda. Cost escalation is an ever present factor which must be managed firmly and proactively. Unavoidable operational cost increases, due to national wage agreements, and the ever increasing cost of rights acquisitions are just two examples of such pressures. Competition continues to increase from both domestically regulated broadcasters and international operations which target Irish opt-outs.

RTÉ is migrating all its content production and distribution to a fully digital environment and the management of these projects requires ongoing vigorous attention if we are to benefit from its full potential and avoid wasteful investment. The distinctive quality and direct relevance of RTÉ's offerings to the audience continue to be the key to success.

RTÉ Television enjoyed very impressive audiences throughout 2007 and reached record commercial targets. RTÉ Radio experienced some recovery in audience share through schedule changes and, despite a very tough mid-year on the commercial front, achieved revenue targets by year end. 2007 saw pressure on the RTÉ Guide's circulation figures and advertising; notwithstanding that challenge RTÉ Publishing achieved its targets and re-launched RTÉ.ie to the great satisfaction of users at home and abroad and the site witnessed very impressive year-on-year growth.

RTÉ Performing Groups, with a change in leadership, enjoyed critical and popular acclaim for a wide range of music-making activities and engagements with the public in live performance, in the classroom, across Europe on radio and television and on the worldwide web. RTÉNL continued to invest in improving analogue reception for both radio and television and was at the centre of piloting DAB and DTT trials throughout the year. 2008 will require a major focus on and investment in the building of infrastructure to support Digital

Terrestrial Television (DTT) for Ireland. RTÉ is fully committed to making a success of this new platform and facilitating analogue switch-off.

The Chairman has already alluded to the *Broadcasting (Amendment) Act 2007* and the challenge for RTÉ in establishing DTT and bringing a television broadcasting service to Irish communities living abroad. It is a matter of concern that no financial provision has been made for this new service and that RTÉ is expected to establish it at a time of mounting costs and a less buoyant commercial outlook from within existing resources.

As a not-for-profit public corporation, Ireland's national Public Service Broadcaster must stay creative, confident, efficient and competitive in order to maintain its public funding and its privileged position of popularity and trust in Irish society. The Chairman has noted that an independent assessment of RTÉ's performance commissioned by the Department of Communications, Energy and Natural Resources led to Government approval for a modest Licence Fee increase in January 2008. The need to demonstrate value for money and the most effective content creation possible is an ever present reality. RTÉ will work in 2008 to develop further metrics which assist in a transparent appraisal of its commitments and achievements and the ongoing requirement for public funding as a proportion of its overall financing.

The coverage of the General Election 2007 campaign and results will be referred to in detail below in various ways, but it is important to acknowledge with gratitude the enormous commitment and resourcefulness of all staff involved in bringing RTÉ's most successful ever Election coverage to the public at home and abroad on Radio, Television, Online, Teletext and through mobile alerts. This was the public service high point of a year which offered many individual highlights in all areas of creative content but which also drew RTÉ into controversy in a number of instances.

RTÉ's independence from political influence is vital to its role in Irish society and to a healthy functioning democracy. Completely groundless claims of political interference in RTÉ featured disproportionately in a number of media outlets and have been robustly rejected. Of more central concern is maintaining vigilance in our editorial standards and in this regard the acknowledgement that mistakes were

made in the commissioning process of the series *High Society* was a telling and timely caution. This process has been a subject of close internal scrutiny and, following a thorough review in Television, a renewed commitment to keeping in place the best possible editorial standards as outlined in the *RTÉ Programme Makers Guidelines*.

Challenges for 2008

We expect that 2008 will see the introduction of new legislation which will, inter alia, establish the Broadcasting Authority of Ireland under whose aegis RTÉ will operate. As the term of office of the RTÉ Audience Council had been completed before the new legislation had been enacted, we are grateful to the current members for agreeing to stay on for another year and to the Minister for Communications, Energy and Natural Resources for facilitating this extension. This year will also see the very significant ramping up of activity in establishing DTT and in bringing RTÉ and TG4 television programmes to audiences outside Ireland. Work will continue apace to migrate production facilities to a fully digital environment and to assess the work-flow changes and the implications for the physical lay-out of the Donnybrook campus which will arise as a result. It will also see preparation of the third iteration of RTÉ's *Strategic Corporate Plan: Putting the Audience First*.

In a time of dynamic change, it's important we maintain a constant sense of that key reason for our existence which translates into: offering independent and impartial News and Current Affairs; creating the most relevant and cost effective quality content available anywhere anytime and at no additional cost to the Licence Fee payer. This is only possible with the full support of a dedicated team of in-house and independent content providers backed up by first class commercial, financial and administrative staff. I am grateful to them and look forward to their continued commitment to bringing the best possible content to our audiences.

The term of office of the current RTÉ Authority will come to an end in 2008 and I want to record my appreciation of the support and rigorous governance of RTÉ's affairs during their tenure. I wish to thank the Chairman Mary Finan in particular for her unstinting interest and commitment to Public Service Broadcasting and to continued success for RTÉ.

Cathal Goan

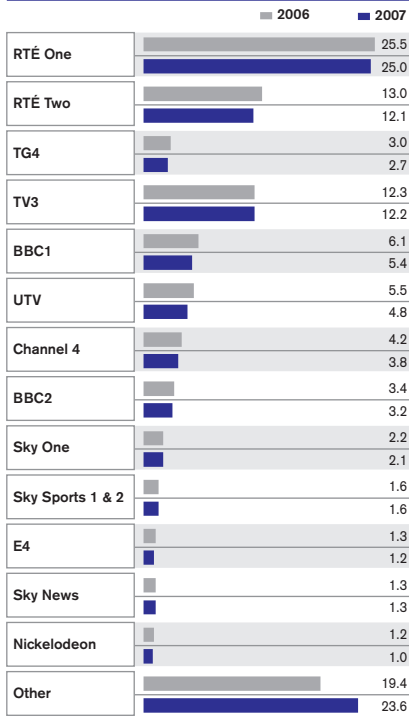
Operational Review

RTÉ Television

RTÉ Television continues to perform very strongly in a market of increased competitive pressures. Many of these are associated with new distribution platforms which result in further fragmentation of television viewing and the uptake of new technologies.

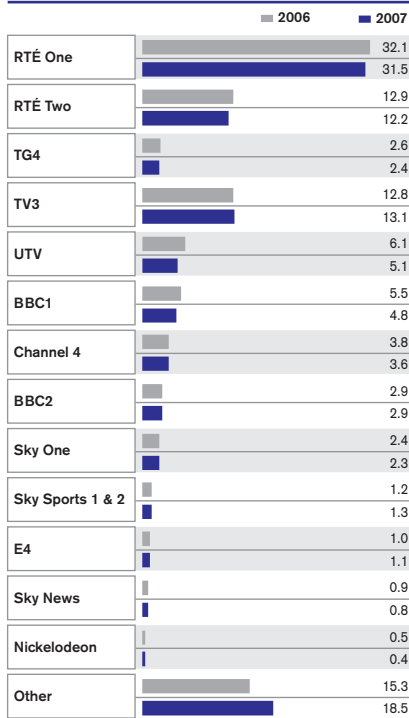
Set against this, RTÉ achieved a 37.1% share of viewing among all individuals nationally each day across 2007 – a significant success when compared to the combined share for the five main rival terrestrial broadcasters available to Irish audiences (32.1%) and the combined share of all the remaining commercial channels available on cable and digital platforms (30.8%).

National Individual All Day Channel share



Source: AGB Nielsen Media Research

National Individual Peaktime Channel shares



Source: AGB Nielsen Media Research

At peak time (18:00-23:29) the corresponding share figures are 43.7% for RTÉ, 31.9% for the five main rival terrestrial broadcasters combined and an aggregate of 24.4% for all the remaining commercial channels available on the cable and digital platforms.

Nine of the Top 10 programmes on all channels in 2007 were broadcast by RTÉ. Live television provides opportunities to be inclusive and to enable participation in national events. The list highlights how RTÉ Television takes the broadest perspective with the live drama of electoral politics, mass-appeal entertainment and sporting occasions all featuring strongly.

Overall, RTÉ Television continued to dominate the list of the 100 most watched programmes in Ireland in 2007. This strength in market share contributed also to the continuing rise in advertising revenue.



Live broadcasts of GAA Hurling and Football finals from Croke Park were both in the top 10 most watched programmes in Ireland during 2007.



Beyond Endurance saw 'wannabe explorers' follow in the footsteps of Sir Ernest Shackleton on the harsh Antarctic terrain of South Georgia.

In the series *Corrigan's Challenge* the Michelin starred chef Richard Corrigan had to find out if he could cope with the restrictions of working in Mountjoy prison or would it lead to a *Prison Break*?



Operational Review

RTÉ Television continued

Most watched TV programmes (000's of viewers)

TOP 10 PROGRAMMES* IN 2007

Base: National, Individuals aged 4+

Rank	Programme	Channel	Day	Date	Time	TVR	000s	Share
1	Late Late Toy Show	RTÉ One	Fri	30-Nov	21:35 - 23:40	29.2	1161	67.8
2	Six Nations Rugby - Ireland v England	RTÉ Two	Sat	24-Feb	17:22 - 19:44	25.4	1010	67.8
3	Prime Time	RTÉ One	Thu	17-May	21:39 - 23:02	23.7	941	63.3
4	The Rose of Tralee 2007	RTÉ One	Tue	21-Aug	21:33 - 23:16	21.7	861	58.1
5	Coronation Street	TV3	Mon	08-Jan	20:30 - 20:56	19.7	781	47.2
6	Eurovision Song Contest 2007	RTÉ One	Sat	12-May	20:00 - 23:12	19.6	780	53
7	Killinaskully: The Last Round	RTÉ One	Tue	25-Dec	21:41 - 22:08	19.4	772	45.5
8	All Ireland Football Final: Cork v Kerry	RTÉ Two	Sun	16-Sep	15:28 - 17:30	19.3	769	68.6
9	All Ireland Hurling Final: Limerick v Kilkenny	RTÉ Two	Sun	02-Sep	15:30 - 17:34	19.1	759	66.7
10	RTÉ News: Nine O'Clock	RTÉ One	Sun	21-Oct	21:01 - 21:20	18.7	743	46.2

Source: AGB Nielsen Media Research

* Highest ranking programme. Programme ranked on TV Rating (TVR). Universe changes May and September.

Averaging Option: Any Day, Any Time (Best Episode). News programmes are included. Min duration 15 minutes

Programmes

Throughout 2007, RTÉ Television has continued to reflect and enrich the lives and interests of Irish people.

Among RTÉ Daytime and Lifestyle highlights for 2007 were *Diarmuid's Pony Kids* in which six youngsters from the outer suburbs of Dublin were given a chance to train intensively with Jessica Kurten and Diarmuid Gavin, culminating in an appearance in the main arena of the RDS during Horse Show week. *Corrigan's Challenge*: Richard Corrigan challenged himself to work outside his Michelin-starred kitchen, working in food outlets in Croke Park during the All Ireland football final, providing meals for inmates in Mountjoy Prison, improving the Irish army ration pack in Kosovo and bringing kitchen therapy to a centre for London/Irish homeless.

During the year RTÉ Factual had a number of major successes including significant feature-length documentaries in *At Home With The Clearys*, on controversial priest Fr Michael Cleary and his 'secret family' relationships, and *Bloody Sunday: A Derry Diary*, following the long proceedings of the Saville Inquiry.

Other programmes of note from RTÉ Factual included observational series *The Hospice*, which journeyed with hospice patients during the last days of their lives and *Surgeons*, shadowing some eminent hospital doctors from the wards to the operating table, dealing with the personal and professional issues at the cutting edge of medical care.

The award winning *Arts Lives* and *Hidden History* series returned. The former featured Paul Durkan, Donal Lunny, Michael Colgan, Eileen Grey, Lady Powerscourt, the arts patronage of Charles J Haughey, best-selling female fiction and a richly visual treatment of Irish landscape painting by Sean O Mordha. *Hidden History* had acclaimed episodes on Ireland's Nazis, Michael Collins' espionage operation, the Catalpa international Fenian prison rescue, the controversial magnate William Martin Murphy, and a widely-discussed episode on the Coolacrease killings in the War of Independence in 1921.

The RTÉ Television Archive Unit strives to tell the stories of modern Ireland through the eyes of ordinary Irish people and their communities. In 2007 the Archive Unit had considerable success with the eight part series *Disasters* which included stories as varied as the oil tanker explosion in Bantry Bay to the loss of three trawlers in Donegal during the 1970's. *Take Two*, the Archive Unit's restoration strand, which uncovers and freshens RTÉ gems of old, offered a number of programmes including *Murphy's America*, *I Live Here*, *Breathing Space* and *Summer Pride*. A six-part domestic history of Ireland from the 1960's to today, *Home*, was an audience winner and the unit also produced a programme to mark the *Telethon*.



Desperate Housewives was one of RTÉ's most popular acquired programmes for the third successful year.



Killinaskully not only achieved high audiences on RTÉ but was in the Top 5 in the Irish DVD charts.



Since its inception in 1988 over €42.5 million has been raised through the *RTÉ People in Need Telethon*; RTÉ supported the Telethon across all output platforms in 2007.



Diarmuid's Pony Kids enjoyed strong audiences and was nominated for an IFTA in the Factual Entertainment Category.

RTÉ Diversity, Irish Language and Education Programmes covered many aspects of Irish life during 2007, and also gave the viewer an insight into a diversity of stories abroad. During the year *Scannal*, *Oileán* and *Níos Gaelai* gave some new perspectives on life in Ireland. *No Place Like Home* and *Faraway up Close*, as well as *Storybook*, *Tall, Dark and O'hAilpin* and *The Turkish Wives Club* all covered differing aspects of the diversity theme both at home and across the world. *The Festival of World Cultures* returned with a different style and gained new audiences.

With over 650 hours of home-produced programmes made especially for younger viewers, RTÉ's Young People's programming brings a wide range of stories and experiences from across the country to youngsters living in Ireland. Last year saw the successful introduction of a range of new series including *WE:TV*, *Kazoo*, *Ice* and *The Once a Week Show*.

RTÉ Entertainment produced a strong mixture of returning series and innovative new shows in 2007 with *The RTÉ People in Need Telethon* giving the viewers a special night of live television which attracted huge audiences and raised over €6 million for Irish charities.

RTÉ Drama highlights in 2007 included *Damage* and the critically acclaimed *Prosperity*, with *Fair City* and *The Clinic* retaining huge audiences.

RTÉ Regional continued an increased focus on programmes from outside of Dublin with popular series such as *Beyond Endurance*, following armchair explorers as they endeavoured to follow in the footsteps of Shackleton in the Antarctic and *Consuming Passions* which showcased seemingly ordinary people with unusual obsessions. *Feud* was a dark and challenging series which told the story behind the infighting of some of Ireland's deadliest gangs.

2007 also saw the return of a number of previously successful programmes including *Vets On Call*, *Animal Rescue*, *Cracking Crime* and *Ear to the Ground*. One-off documentaries included *The Green and the Gold*, profiling the history of Kerry football and *Sign Magic*, featuring the work of artist, Tomas Tuipear, who transformed towns in west Cork with his work.

Sport

RTÉ Sport produced 700 hours of Television programming in 2007, a year of several firsts for sport in Ireland.

The GAA opened Croke Park for rugby and soccer internationals, all were shown live on RTÉ. The historic Ireland versus England game broke all previous records for a rugby match on Irish television, with an average audience of 1 million viewers, peaking at 1.2 million, making it the second highest rated programme of the year on television. (Source: AGB Nielsen Media Research).

In the GAA Championships RTÉ Television produced 52 live matches along with weekly highlights and the popular magazine show *The Road to Croke*. Audience figures for both live matches and *The Sunday Game* showed significant increases.

In soccer, 2007 brought a conclusion to Ireland's unsuccessful European championships campaign, with ten of Ireland's twelve matches shown live on RTÉ. On the domestic front RTÉ's coverage of the Eircom League doubled to ten live games along with three matches in the FAI Ford Cup and Derry City's Champions League qualifiers.

Coverage during 2007 also included Champions League; an unprecedented 30 days of live horse racing from Irish courses as well as coverage from Cheltenham, Aintree and Ascot; the World Rally Championship, hosted in Ireland for the first time; highlights from the World Athletics Championships in Osaka, with Sonia O'Sullivan joining our team of analysts; and the European Indoors Athletics Championships, where David Gillick won a gold in the 400m. In September, highlights from the Special Olympics in Shanghai, brought back memories of 2003, when Ireland became the first country outside of the US to host the event.

Operational Review

RTÉ Television continued

Acquisitions and Marketing

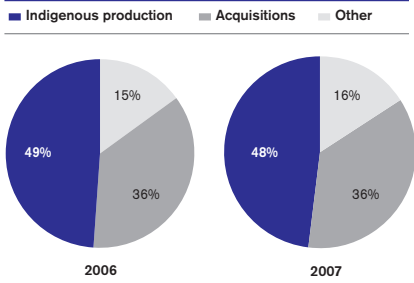
RTÉ Television continued to acquire the most prestigious and award winning international programmes and, recognising the vast numbers of channels available to the majority of homes in Ireland, played most of them ahead of any other broadcaster receivable in the country. Notable successes included *Desperate Housewives*, *Prison Break*, *Lost* and *Grey's Anatomy*.

The RTÉ Television promotions department won 12 international awards including a Promax Gold (the Oscar of the Promotions industry) for a promo on the drama documentary *Stardust*. Their colleagues in merchandising had a good year with the strongest DVD line to date, including *Killinascully*, *Naked Camera*, *Podge and Rodge* and the surprise hit during the critical Christmas period, a Mike Murphy retrospective entitled *I'm Mike Murphy from RTÉ*.

Marketing in RTÉ Television planned, executed and researched 25 advertising campaigns. By the end of 2007 independent research showed that advertising awareness for RTÉ Television had increased from 38% to 65%, a significant achievement.

2007 saw the introduction of a new Channel Management System, a significant project which affects almost 100 staff across scheduling, acquisitions, traffic, promotions and acceptance viewing.

RTÉ Television peak time content analysis



Source: RTÉ

Indigenous hours broadcast on RTÉ Television in peak time by genre

Genre	2006	2007
Drama	182	165
News, Current Affairs & Weather	663	670
Entertainment	338	337
Music	68	57
Young People	20	29
Sport	335	342
Education	24	29
Religion	27	26
Arts	31	35
Factual	372	342

Source: RTÉ

Commercial Revenue

2007 was a record year for revenue in RTÉ Television with annual growth of over 12%. This performance was particularly strong in the context of continued increased competition and was facilitated by the quality of the programme schedule, which resulted in both client and viewer loyalty to RTÉ Television. During 2007 revenue grew amongst the Retail, Drink, Motors, Cosmetics and Telecommunication sectors. New advertisers included Postbank, NCPP and National Adult Literacy Association.

Sponsorship revenues saw a year-on-year increase and this is a noteworthy result as the 2006 results benefited greatly from the presence of The World Cup in June/July and the Ryder Cup in September. New sponsors included Chevrolet, Whirlpool and Diet Coke. Along with traditional broadcast sponsorship, a growing number of clients, such as Halifax, Road Safety Authority and Ulster Bank leveraged their association across other RTÉ platforms through our Cross Media Solutions team.



RTÉ Young People's Programmes had another successful year, producing award winning programmes such as *On the Block* which was honoured at the **Prix Danube** International TV Festival of Programmes for Children and Youth.



Aisling O'Sullivan was nominated for an IFTA for her role as Cathy in the 5th successful season of *The Clinic*.



Dustin the Turkey and Sinead Ni Churnain have been presenting *The Once A Week Show* since September 2007 - Sinead's house is the place to hang out on a Saturday morning!

Income from Commercial Studio Production grew by over 20% with advertisements and sponsorship stings produced for an expanding business base. Clients included RTÉ Corporate, FBD, Bank of Ireland, Unilever and Chevrolet. Content production for the screens in Dundrum Town Centre continued during 2007 with new relevant content created on a weekly basis.

A growing recognition of the importance of providing solution-selling to clients has led to increased investment in dedicated Cross Media resources. This added value allows RTÉ to offer promotional opportunities to clients across all of RTÉ's platforms – TV, Radio, Publishing, Online and Aertel.

Operational Issues

2007 was an important year for post-production services with the introduction of a completely new editing and caption generation systems. Avid Interplay was introduced in August for the first Premiership programme of the new season; over subsequent weeks it was introduced to all other programmes. Interplay introduces much greater flexibility and higher quality editing to post-production services and necessitated some significant changes in work practices. The system is a key part of the move towards tapeless production at RTÉ.

The new caption generation system, Vizrt, has also had a major impact, bringing enhanced quality and variety across RTÉ's diverse range of programming. It is used by many other major broadcasters across Europe and puts RTÉ at the forefront of television graphics production.

The introduction of both systems was achieved with detailed planning, hard work and the co-operation of a wide range of staff co-ordinated by a structured approach by all concerned with the management of workflow change.

Output from studios and post-production continued to increase during 2007. Demand for programming rose by 7% on the previous year, equivalent to 30,000 person hours.

2007 also saw the first broadcast of an Irish sporting event in High Definition Television. The Leinster GAA Football final, featuring Dublin and Laois, was broadcast successfully as part of the Digital Terrestrial Television (DTT) trial currently taking place in the Dublin area.

Subtitling hours RTÉ Television

	2006	2007
RTÉ One	4213	4449
RTÉ Two	1757	2412
All RTÉ	5970	6861

Source: RTÉ

Competitive Issues

Competition from digital channels remains an ongoing challenge. Part of RTÉ's response is increased investment in Irish programming, especially in Drama and Factual programming. The success of this strategy – which has broadened the scope of Irish programming can be measured in our ability to continue to draw and hold viewers due to the intrinsic attractions of indigenous programmes.

Operational Review RTÉ Radio

Top 10 All-Week National Radio Programmes - Adults 15+ January to December 2007

Rank	Programme	Station	Timeblock	Period	% Reach	No. of Adults 15+
1	Morning Ireland	RTÉ Radio 1	07:00-09:00	Mon-Fri	12%	430,000
2	Liveline with Joe Duffy	RTÉ Radio 1	13:45-15:00	Mon-Fri	10%	362,000
3	Gerry Ryan	RTÉ 2fm	09:00-12:00	Mon-Fri	9%	328,000
4	The Tubridy Show	RTÉ Radio 1	09:00-10:00	Mon-Fri	9%	310,000
5	Marian Finucane	RTÉ Radio 1	11:00-13:00	Sat	9%	302,000
6	News at One	RTÉ Radio 1	13:00-13:45	Mon-Fri	9%	299,000
7	Today with Pat Kenny	RTÉ Radio 1	10:00-12:00	Mon-Fri	8%	284,000
8	Playback	RTÉ Radio 1	10:00-11:00	Sat	7%	257,000
9	Ray D'Arcy Show	Today FM	09:00-12:00	Mon-Fri	7%	249,000
10	Ian Dempsey Breakfast Show	Today FM	07:00-09:00	Mon-Fri	7%	243,000

Source: Joint National Listenership Research Surveys Jan- Dec 2007 (TNS mrb)

RTÉ Radio hours by genre

Genre	2006	2007
Arts	858	701
News, Current Affairs & Weather	7,637	7,977
Sport	1,487	1,598
Music	19,884	19,250
Factual	3,212	2,721
Other	2,733	3,545

Source: RTÉ

Competing for audience was top priority for RTÉ Radio in 2007. The first half of the year was shaped by election campaigns and results coverage, north and south, and by the launch of RTÉ 2fm's new breakfast and drive time programmes. In the Spring new mobile studios took to the road for RTÉ Raidió na Gaeltachta and RTÉ 2fm and the Summer schedules of all four channels sought to maintain the competitive edge that is now essential all year round. In the second half of the year, improved audience figures showed that RTÉ Radio had halted the downward trend of the past five years. With keener competition at every level, local, regional, national, and international, share of audience is the key test for RTÉ Radio services. Good listenership figures confirm our relevance and underpin the funding (public and commercial) that pays for the wide range of output, from mass appeal programmes to special interest services.

RTÉ Radio 1

During 2007 RTÉ Radio 1 built on the ambitious changes made in 2006. In the afternoon, both *Liveline* and *The Mooney Show* increased their audiences. From the calling of the General Election campaign, in late April, *Drivetime* started at the earlier time of 4.30 pm. In the Autumn, changes were made to evening arts, features, and music programmes; for example since November *The Arts Show* is presented nightly at 8.00 pm by Vincent Woods, and in *The Late Debate*, RTÉ journalists review parliamentary and local government affairs from around the country. The series *Judging Dev* re-assessed Eamon de Valera's career and legacy. The radio series was accompanied by the innovative book of the same title, published by the Royal Irish Academy, and also linked to webchats and podcasts at a special website. *The Big Science Debate* explored the ethics of science through public discussions from venues around the country. At Berlin in October, *Mayday* won the Prix Europa for Radio Drama, yet another prestigious international award for Radio 1's drama team.



The series *Judging Dev* re-assessed Eamon de Valera's career and legacy. The radio series was accompanied by the innovative book of the same title.

The 125th anniversary of the birth of Eamon de Valera was marked by RTÉ Radio and Archives in conjunction with the Royal Irish Academy and Diarmuid Ferriter's *Judging Dev.*



Operational Review

RTÉ Radio continued

RTÉ 2fm

For RTÉ 2fm the most important programming changes were at breakfast time (*The Colm and Jim-Jim Breakfast Show*) and late afternoon (*The Will Leahy Show*). With the two ends of the prime time schedule renewed and *The Gerry Ryan Show* recording audience growth, RTÉ 2fm ended the year with a strong weekday performance but also with losses in share at the weekend, a challenge to be addressed in 2008. As well as refocusing to face the competition, RTÉ 2fm has increased its output of live music to 240 broadcast hours and supplied 77 hours to the EBU radio network – a significant showcase for Irish talent around Europe. 40 new bands were recorded for broadcast and Transition Year (TY) Radio completed its fourth year of workshops in programme-making for second-level students. The summer festivals, Oxegen and the Electric Picnic, are among the biggest in Europe and there was increased and enhanced coverage of these events on RTÉ 2fm and its digital extension RTÉ 2XM.

RTÉ Raidió na Gaeltachta

RTÉ Raidió na Gaeltachta marked 35 years on air in 2007. Among its highlights were coverage of the Northern Ireland Assembly Elections and the General Election. There were changes to main strands of programming from all regions with a notable expansion of output from Dublin and the east. Hundreds of hours of programmes were broadcast from An Ródaí, the new mobile studio, which made an especially strong contribution with its output from various Coláistí Samhraidh around the country and its coverage of the opening session of the Assembly at Stormont. RTÉ Raidió na Gaeltachta played a central role at Oireachtas na Cásca (Letterkenny), and at Oireachtas na Samhna (Westport) where former winners of the Corn Uí Riada reunited to celebrate this competition which

was established in 1972 and is maintained by the station. *iClub* is a new weekly magazine for teenagers which comes from Casla, with reporters in Donegal and Kerry, and features live music with texts, emails and calls shared on air. A selection of RTÉ Raidió na Gaeltachta programmes is now available as podcasts, a service which will be expanded in 2008.

RTÉ lyric fm

RTÉ lyric fm continued to broaden the range of its music and to develop new strands of talk programmes. The most important broadcast platform for the RTÉ Performing Groups, RTÉ lyric fm has strengthened its links with cultural channels throughout Europe and increased its participation in exchanges of concerts. With Radio 1 and Raidió na Gaeltachta, lyric was joint host of the EBU Traditional Music Festival in Cork, the first time that the festival came to Ireland. The autumn schedule brought a rotation of presenters, a season of opera produced and performed in Ireland, and a weekly programme about landmarks in genres of music new to RTÉ lyric fm, including rock, reggae, and fusion. A twice-daily bulletin of arts news was introduced, and in spoken arts, RTÉ lyric fm premiered the broadcast of four conversations with great performers originally recorded by Harry Blech in the 1970s. RTÉ lyric fm published three new CDs and has two more in preparation for early 2008. Outside broadcasts on RTÉ lyric fm included programmes from the Bloom Garden Festival in the Phoenix Park, the National Ploughing Championships, the new Cork Institute of Technology's School of Music, the Celebrity and Orchestral series in the National Concert Hall and other live broadcasts from venues all around Ireland.



The Big Science Debate explored the ethics of science through public discussions from venues around the country.



RTÉ 2fm new breakfast time programme *The Colm and Jim-Jim Breakfast Show*.



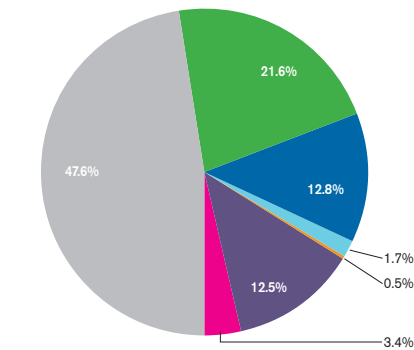
With RTÉ Radio 1 and RTÉ Raidió na Gaeltachta, RTÉ lyric fm was joint host of the EBU Traditional Music Festival in Cork, the first time that the festival came to Ireland.



In the Spring new mobile studios took to the road for RTÉ Raidió na Gaeltachta and RTÉ 2fm.

National Shares of Radio listening 2007

RTÉ Radio 1	21.6%
RTÉ 2fm	12.8%
RTÉ lyric fm	1.7%
RTÉ Raidió na Gaeltachta	0.5%
Today FM	12.5%
Newstalk 106 - 108fm	3.4%
Regional/local stations	47.6%



Source: Joint National Listenership Research Surveys
Jan-Dec 2007 (TNS mrb)

Commercial Revenue

The commercial radio landscape shifted significantly in 2007. Ownership is consolidating, as evidenced by Communicorp's purchase of EMAP's Irish stations and UTV's subsequent acquisition of FM104. The Broadcasting Commission of Ireland (BCI) has completed phase one of its licensing plan, and in regional radio, new licences were awarded and there are more in prospect. Against this background, RTÉ Radio's commercial revenue exceeded the impressive results of 2006 in all sectors – airtime, promotions, sponsorship and cross-media solutions. New revenue came from Online commercial opportunities and there was substantially increased activity for the Roadcasters and also for the Dundrum and Tallaght studios. The positive audience figures (JNLRs) reported in August and November aided this strong commercial performance, and the last four months of the year saw a recovery from a slow summer that followed the heated activity leading up to the General Election.

Digital

Innovation is the life force of communications and Radio has to look to its future as one among many digital technologies. In 2007 RTÉ Radio and RTÉNL continued tests of digital audio broadcasting (DAB) on a single-frequency network with coverage in Leinster (along the east coast between Dundalk and Dublin). The LW 252 transmitter has also been updated to a dual-purpose (analogue and digital) installation. As part of these trials, four new radio services have been developed and put to air by a team of three programme makers and schedule compilers. This exercise in launching and maintaining digital services has tried and tested the skills of managing programmes, rights and archive holdings. The lessons learned will apply to whatever form of digital radio Ireland adopts in the future.

Operational Review

RTÉ News and Current Affairs

The General Election

The biggest event of the year for RTÉ News and Current Affairs was the General Election, which took place on Thursday 24 May. Both the nationwide campaign leading up to it and the coverage of the Election Count itself across Television, Radio, Online and Aertel were significant challenges.

From the moment the Election was called RTÉ News provided a range of special extra programmes on Radio and Television. *Campaign Daily*, an innovative hour-long programme on Television was linked to the specially created RTÉ Election website.

Audience Research shows that the Leaders' Debates on *Prime Time* were influential features of the campaign. The debate between An Taoiseach Bertie Ahern and Fine Gael Leader, Enda Kenny had an average of almost a million viewers and RTÉ.ie had a total of one and a half million hits on the day. The RTÉ Exit Poll found that 68% of those who voted in the General Election had watched the Leaders' Debate.

The Election Results programmes on Radio and Television were huge undertakings. *Election 2007* on RTÉ Radio 1 ran from 12pm on Friday 25 May until 4.00 am on Saturday, resuming a few hours later. RTÉ Radio had journalists in each of the 43 constituencies.

Election 2007 on RTÉ One had more Outside Broadcast (OB) and Satellite units delivering pictures from around the country than ever before and over 400 people working on the programme. The marathon coverage drew massive audience figures – the peak viewership was 789,000 during the *RTÉ Nine O'Clock News* that evening.

All television election coverage was subtitled.

A record ten million hits were registered by RTÉ.ie over the four day period from Polling Day until Sunday. Most users were based in Ireland, followed by Britain, the USA and in smaller numbers, the EU, Canada and Australia.

Other Editorial Matters

Other important national stories during the year included: the breast cancer controversy, initially in Barrington's Private Hospital in Limerick and later in the Midlands Hospital in Portlaoise; the continuing high level of road deaths

- highlighted in an RTÉ News Special; the Rachel O'Reilly murder trial; Northern Ireland where an Executive including the DUP and Sinn Fein was formed; the sinking of three trawlers off the southern coast; the death of two part-time firemen in a blaze in Bray; the contamination of Galway's water supplies; and the opening of Croke Park to rugby and soccer games.

As part of the station's continuing commitment to the regions, RTÉ News established a new role of regional reporter for the Western region.

RTÉ Nuacht opened two new locations in 2007 in An Daingean in Kerry and Baile Bhuirne in Cork. The number of Nuacht video journalists increased to four in 2007.

In a major innovation in foreign coverage, RTÉ News established a presence in China for the coming Olympic year. Margaret Ward, Foreign Editor, set up a news bureau in Beijing in September. 2008 will be an exceptionally busy year there, with a big focus on China including coverage of the Olympics and the Paralympics. Margaret will report on all aspects of Chinese life for Radio, Television and Online.

Prime Time maintained its anchor role in the RTÉ Television schedule. A strong series of *Prime Time Investigates* included programmes on Planning; the dangers of the drug Nimesulide; the widespread use of cocaine and the gangland criminals running the trade; and fuel smuggling operations along the border.

Operational

The main technological innovation of the year was the introduction of the new graphic system Vizrt to News. Name credits, sports results and business news can now be typed into templates and go straight to air. The other major technological development in News has been the introduction of live streaming for Radio. This means that reporters can broadcast live through a laptop from any location in the country, or indeed the world, without the need to hire OB facilities or circuits. This technology was used for RTÉ Radio's reports from the UN climate change conference in Bali.



Campaign Daily, an innovative hour-long programme on Television was linked to the specially created RTÉ Election website.



The debate between between An Taoiseach Bertie Ahern and Fine Gael Leader, Enda Kenny had an average of almost a million viewers.



A strong series of *Prime Time Investigates* included programmes on Planning; the dangers of the drug Nimesulide; the widespread use of cocaine and the gangland criminals running the trade; and fuel smuggling operations along the border.

RTÉ's coverage of *Election 2007*, in two languages and across four different media types, was our most ambitious ever and we believe it lies at the heart of what constitutes responsible Public Service Broadcasting.



Operational Review

RTÉ Network

Competitive Issues

RTÉ's Broadcast Transmission Network (RTÉNL) is an RTÉ subsidiary company which also provides ancillary mast and tower rental services to a range of telecommunications service providers and operators.

There is little growth in Analogue Television Transmission services as very few suitable frequencies are available and the switch-over of frequencies to digital transmission is anticipated.

In overall terms the market for mast and tower rental services is growing, but remains very competitive due to the increased number of mast sites becoming available. RTÉNL's infrastructure is primarily situated at high and remote locations that are not appropriate for some modern digital technologies, such as 3G, which require compact cell sizes local to the consumer.

Commercial Revenue

The expansion of revenue from existing customers is limited, with growth driven by a steady overall increase in services provided across all markets. In 2007 a number of new customers were secured in the regional and local radio market. Digital Video Broadcasting - Handheld (DVB-H), which is TV on mobile phones, made an entry to the Irish market with some positive tests and trials in 2006. These trials continued throughout 2007 and the outlook for the technology in Ireland is positive. At this early juncture, however, it presents only limited revenue generating impact.

Operational Issues

Overall system availability in coverage areas for television and radio broadcasting is again comparable with previous years running at 99.9%.

The detailed examination of Digital Audio Broadcasting (DAB) that RTÉ and RTÉNL commenced in 2006 was expanded and continued throughout 2007. Two multiplexes carrying 20 radio channels were broadcast from RTÉNL's Three Rock and Clermont Carn sites to provide a digital radio service to Louth, Meath and the greater Dublin area.

The replacement transmitter for Long-Wave 252 was switched on in early 2007. The new unit is also Digital Radio Mondiale (DRM) compatible, an open standard digital radio system for short-wave, AM/medium wave and long-wave usage which is capable

of delivering higher quality sound and has the option of adding two side channels and data. Currently DRM receivers are not widely available in Ireland.

Digital Terrestrial Television

DCENR has continued its Digital Terrestrial Television (DTT) trial service from the RTÉNL transmission sites at Three Rock and Clermont Carn. The system carries a compelling number of channels including all the national television and radio services. In addition to transmission the system has been used throughout the year to test conditional access arrangements, different compression standards, high definition television and modulation variations.

The introduction of DTT and the switch-off of analogue television services are being implemented across Europe. New legislation enacted in Ireland in 2007 paves the way for Ireland to also migrate to DTT.

DTT offers the following advantages over the traditional Analogue television system:

- Extra TV channels as standard
Within each multiplex it will be possible to deliver a number of television and radio services. It is expected that two High Definition (HD) television services or up to eight Standard Definition (SD) television services will fit in a multiplex (and/or various combinations of HD and SD).
- Subscription channels
It is likely that a number of subscription services will be available in addition to Free-To-Air services. If a viewer chooses to take out a subscription, it will be possible to access dedicated television services including sport, films, music channels, and also access to services that allow viewers to watch what they want, when they want.
- Improved quality
Digital TV will improve the quality of television picture and sound.
- New features
Will include television listings on-screen, true widescreen picture, enhanced teletext and red-button interactivity.
- Access services
DTT incorporates the potential to make special features for people with visual and hearing impairments available, such as audio description and subtitling.



DCENR has continued its Digital Terrestrial Television (DTT) trial service from the RTÉNL transmission sites at Three Rock and Clermont Carn.



In 2007 RTÉ Radio and RTÉNL continued tests of digital audio broadcasting (DAB) on a single-frequency network with coverage in Leinster.

RTÉNL is prepared for digital radio. Currently six Digital Audio Broadcasting (DAB) channels are being piloted and the replacement transmitter for Long-Wave 252 is Digital Radio Mondiale (DRM) compatible.



Operational Review

RTÉ Publishing

RTÉ.ie

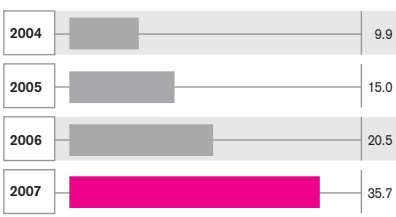
RTÉ.ie remains Ireland's leading media portal, currently delivering some 36m page impressions and 1.6m unique users per month. This is an increase of 65% year-on-year in traffic. Access to RTÉ.ie via mobiles is driving new audiences and over 2% of traffic comes from mobiles.

2007 was a dynamic year fuelled by innovative developments across the website. The year commenced with a redesign of RTÉ.ie resulting in improved navigation and layout of content. Commercial revenue almost doubled year-on-year, driven by increased industry spend on Online advertising and better display positions on RTÉ.ie, in addition to sponsorship of events and content categories. Video ads around video clips were launched on the website in June.

A number of new sites were also launched in 2007 including RTÉGuide.ie, RTÉ.ie/jobs, RTÉ.ie/food and a Six Nations rugby website. Other developments included enhancements to existing services such as the launch of live streaming of all RTÉ News and Current Affairs programmes on RTÉ.ie; live streaming of Eircom League matches.

A number of dedicated event-driven websites, covering significant events, included the General Election (5.2m page impressions), the 2007 GAA Championship (6m page impressions) and the Rugby World Cup, complete with Fantasy Rugby league (over 1m page impressions). Finally in December there was a dedicated website for Budget 2008.

RTÉ.ie average page impressions per month (millions)



Source: RTÉ

Content

Podcasts became more popular in 2007, from approximately 40 podcasts achieving 70,000 downloads in January to 77 podcasts achieving 880,000 downloads in December. A number of podcasts became regular features in the Top 10 on the iTunes charts.

RTÉ SMS alerts were launched in May covering Breaking News, Business and Entertainment in addition to Racing Tips, Weather and Lotto alerts. Event specific alerts were set up to bring up-to-the minute news and results from the General Election, Rugby World Cup and 2008 Budget.

During 2007 RTÉ launched two Mobile TV channels. *RTÉ Entertainment*, was launched in May giving customers of the mobile network 3 the opportunity to catch-up on highlights from a selection of RTÉ Entertainment programmes such as *The Late Late Show*, *Tubridy Tonight* and *No Frontiers*, on their mobile phones. In September, an *RTÉ News Mobile TV Channel* was launched featuring the 1, 6 and 9 O'Clock bulletins live and looped.

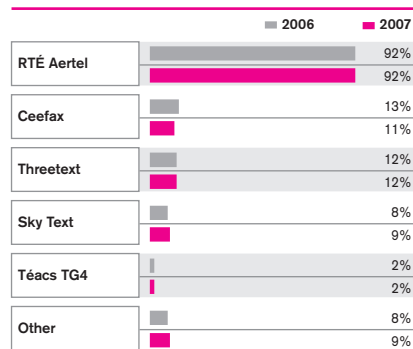
RTÉ Aertel

In 2007 RTÉ Aertel was extended to a multi-platform information service available on Television, Online and on mobile. The service now provides comprehensive and up-to-date information covering news, sports, business, entertainment, travel, weather, airports, listings and much more so that users can access the information they want, when and where they want it.

RTÉ Aertel has 1.76m analogue users (Amarach Research Feb 2007), while RTÉ Aertel Online remains the second most popular section of RTÉ.ie with almost 4.5 m page impressions and 200,000 users per month (ABCs October 2007). Page impressions for RTÉ Aertel mobile are currently some 250k per month, and RTÉ Aertel Mobile won the Mobile Internet category at the 2007 Net Visionary Awards.

In December 2007 RTÉ Aertel Digital began playing out live on the DTT (Digital Terrestrial Television) trial, and initial user feedback reports a faster, more intuitive and better-designed service. The service loads in 3 seconds and pages load in 3-5 seconds; the user can view their favourite television programmes while reading RTÉ Aertel data.

Type of teletext used in all households in Ireland who make use of a teletext



Source: AGB Nielsen Media Research, Establishment Surveys, 2006 & 2007

RTÉ Guide

The RTÉ Guide is Ireland's biggest-selling and best-known magazine brand; independent research shows it has a weekly circulation of 107,236 copies (ABC July-Dec 2006). Each weekly issue delivers a mix of premium listings, informative and lifestyle based content and articles from 'the inside track' in the entertainment world.

The RTÉ Guide is positioned in the premium sector as a quality TV weekly magazine and is unique in its position as a family magazine. Since the launch of RTÉGuide.ie in July 2007, the site has attracted a new audience worldwide introducing them to the brand and the content of the magazine, allowing them to interact and respond Online.

A clear lifestyle focus and a 10-day lifecycle per issue allows the RTÉ Guide to offer advertisers a relevant and effective vehicle in which to advertise. In addition to the core magazine, the RTÉ Guide published additional lifestyle magazines in the Food, Home and Fashion genres as well as added value products such as the interactive Dawn Chorus CD-ROM, the Christmas CD featuring the RTÉ Concert Orchestra and Cor na nÓg and the RTÉ Weather Calendar and Weather wallchart, all of which were circulated with the magazine.

During 2007 RTÉ.ie, the largest media website in Ireland, delivered some 36 million page impressions and 1.6 million unique users per month; and during the four-day General Election and results period there were over 10 million page impressions!



Operational Review

RTÉ Performing Groups

Programming

In 2007, the RTÉ Performing Groups (PGs) presented 233 live concerts and events to almost 170,000 concert goers. For the RTÉ National Symphony Orchestra (RTÉ NSO) highlights included: conclusion of its Mahler Symphony cycle; a week-long residency in County Clare where the orchestra performed to 4,500 people; the *Symphony Sessions* on RTÉ One Television which recorded six figure audiences throughout the four-week series.

The RTÉ Concert Orchestra (RTÉ CO), with newly appointed Principal Conductor David Brophy, enjoyed a year of high quality, most notably with Ute Lemper, Altan, Emma Kirkby, Haley Westenra and Tito Beltran. At Christmas some 4,500 people attended ground-breaking presentations of *The Wizard of Oz*. The RTÉ CO also appeared several times in Northern Ireland and continued its highly-successful relationship with Opera Ireland.

The RTÉ Vanbrugh Quartet enjoyed a successful 21st anniversary season showcasing new commissions by Irish composers. The RTÉ Philharmonic Choir scored particular successes with Mahler's *8th Symphony*, Orff's *Carmina Burana* and Elgar's *The Dream of Gerontius*. RTÉ Cor na nÓg made exceptionally strong impressions during its performances to the EBU Radio Assembly at Dublin Castle and in Orff's *Carmina Burana*.

The RTÉ Living Music Festival featured the music of perhaps the most successful living American composer, John Adams. Overall the PGs premiered a total of nine RTÉ commissioned works by Kevin Volans, Kevin O'Connell and Ben Dwyer, Ronan Guilfoyle, Seoirse Bodley, Deirdre Gribbin, Ed Neumeister, Greg Felton and Michael McGlynn.

Operational

PGs website, within RTÉ.ie, has been re-designed. Noise-management initiatives were developed, an important consideration for orchestra members; and a system (OPAS) which will result in more efficient planning and scheduling of the orchestras is being fully implemented.

Commercial Revenue

Due to strong programming, supported by effective PR and marketing, box-office ticket sales performed ahead of budget in 2007. Concerts promoted by the PGs directly achieved significant growth, in both ticket sales and attendances. The continuation of Anglo-Irish Bank's sponsorship of the RTÉ NSO was a welcome development. However, neither the RTÉ Farmleigh Proms, in association with the Office of Public Works, nor the week-long ballet residency (affected by the closure of the Point Theatre for refurbishment) took place. As a result attendances at events involving third-party associations were noticeably down on the 2006 figures which adversely affected overall revenue performance against budget, although it was still ahead of 2006 levels.

Outlook for 2008

The outlook for 2008 is again positive musically but there are significant challenges ahead for the new Executive Director, Seamus Crimmins, and his team to drive revenue, control costs and extend reach throughout the country and through different media platforms including Online.

RTÉ Performing Groups attendances (and performances)*

	2006	2007	Attend*	Perf*
Overall Total	199,848	167,553	(250)	(233)
Overall General	155,709	125,773	(205)	(191)
Overall Educational	44,139	41,780	(45)	(42)
RTÉ NSO Total	85,013	72,831	(85)	(84)
RTÉ NSO General	68,860	55,116	(67)	(64)
RTÉ NSO Educational	16,153	17,715	(18)	(20)
RTÉ NSO/Phil Choir	8,056	3,966	(8)	(3)
RTÉ CO Total	95,938	82,799	(113)	(102)
RTÉ CO General	67,953	58,734	(86)	(80)
RTÉ CO Educational	27,986	24,065	(27)	(22)
RTÉ VQ	2,923	3,617	(28)	(30)
RTÉ Choirs	3,567	2,336	(10)	(7)
Guest Ensembles	4,350	2,004	(6)	(7)



Gerhard Markson, Principal Conductor of the RTÉ NSO, at Mahler Symphony No. 8 *Symphony of a Thousand*, National Basketball Arena, Tallaght, Co. Dublin.



Fergus O'Carroll, French Horn player, RTÉ National Symphony Orchestra, St Flannan's College workshop in Ennis, as part of Clare residency.

RTÉ Performing Groups educational activities

	2006	2007
Total Ed. Activity	91	96
Ed. Performances	45	42
Workshops etc.	12	22
Pre-concert talks	34	32

RTÉ Performing Groups contemporary music activities

	2006	2007
World premieres of RTÉ commissioned works	6	9
Dedicated contemporary music concerts	13	13

* While Performing Groups own promoted concerts achieved growth in both ticket sales and attendances in 2007, performances and attendances through third party associations were noticeably down on 2006 figures. This was due in large measure to the fact that RTÉ Farmleigh Proms (with OPW) did not take place, nor did our week-long ballet residency because of the Point Theatre refurbishment.

The RTÉ Concert Orchestra entertained some 4,500 people who attended ground-breaking presentations of *The Wizard of Oz*, conducted and arranged by John Wilson, in The Helix at DCU during December.



Financial Review

International Financial Reporting Standards (IFRS)

RTÉ's Financial Statements for 2007 are the first to be prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. Previously RTÉ's financial statements were prepared in accordance with Irish and UK Generally Accepted Accounting Practice (GAAP). Accordingly all 2006 figures presented for comparative purposes in the financial statements have been restated in accordance with IFRS.

In addition, in order to identify the financial impact on RTÉ of the transition to IFRS, the reconciliation of selected 2006 financial information, as previously reported under Irish GAAP, to the restatement of this 2006 information under IFRS is provided in note 24 to the financial statements.

The single biggest adjustment arising from the implementation of IFRS relates to the recognition of programme inventory where historically RTÉ has expensed programme costs as they have been incurred. This change results in the recognition of €44.4 million in the total level of Inventory reported in 2007 which is up from a restated 2006 inventory amount recognised of €41.5 million.

Results

Overall, in 2007, against a background of significant ongoing competitive and general cost pressures allied to sustained growth in revenue, RTÉ produced a stable financial performance, resulting in a Net Surplus After Tax of €26.4 million from total Revenues of €441 million.

In interpreting RTÉ's overall financial performance and position it is crucial to note that the assets and liabilities of the RTÉ Superannuation Scheme (a contributory, funded, occupational, defined benefit pension scheme) have grown over time to such a relatively large scale that they are now several times greater than the reported net assets of the scheme sponsor, RTÉ.

Since accounting standards in effect report Defined Benefit Pension Scheme liabilities as akin to a form of Debt (and measured by reference to Corporate Bond rates) the disproportionate size of the Pension Liabilities of the RTÉ Superannuation Scheme relative to RTÉ's Net Assets, has the potential to materially impact on a meaningful appreciation of the underlying operational and financial performance of RTÉ. Accordingly the commentary below is based on the results of the Group excluding the net defined benefit pension related finance income arising on the assets and liabilities within the RTÉ Superannuation Scheme.

The individual integrated business divisions (IBD) and central activities within RTÉ contributed to the result for the year as follows:

	2007	2006
	€m	Restated €m
Television	10.1	2.2
Radio	2.7	2.7
News & Current Affairs	(2.6)	(2.7)
Performing Groups	-	-
Network	5.5	5.4
Publishing	(1.0)	-
Corporate HQ	(4.3)	(4.5)
Consolidation Adjustments	3.0	(0.5)
Divisional Sub-Total	13.4	2.6
Net Defined Benefit Pension		
Related Finance Income	16.2	14.5
Income Tax	(3.2)	0.9
Net Surplus After Tax	26.4	18.0

Commercial Revenue

Commercial Revenue increased as follows:

	€m
Television Advertising	+17.3
Radio Advertising	+0.5
Other areas	+5.5
Year-on-Year movement	+23.3
Commercial Revenue 2006	222.2
Commercial Revenue 2007	245.5

Television advertising revenue remained buoyant in 2007 albeit in an increasingly volatile market and with a growing number of competitors selling advertising ratings.

“Overall, in 2007, against a background of significant ongoing competitive and general cost pressures allied to sustained growth in revenue, RTÉ produced a stable financial performance.”

“RTÉ estimates that circa 14% of all eligible households in the Republic of Ireland currently do not hold a valid television licence.”

Television Licence Revenue

An Post are the sole agents appointed by the Minister for Communications, Energy and Natural Resources (DCENR) with responsibility for the collection of television licence monies from the general public. Collection of monies due by the Department of Social and Family Affairs in respect of “Free” television licences is the responsibility of DCENR. DCENR makes a non-repayable grant-in-aid of appropriate amounts to RTE.

The key factors behind the growth in licence revenue in 2007 were:

	€m
Growth in the volume of TV Licences sold	+10.1
Price Increase in the cost of a TV Licence	+2.8
Year-on-Year movement	+12.9
Licence income 2006	182.8
Licence income 2007	195.7

The underlying level of Licence Fee evasion continues to remain high by international standards running at approximately double that of the UK. The financial burden of this non-compliance has in recent years been masked by the growth in new licences issued as a result of the high-level of new household formations. RTÉ estimates that circa 14% of all eligible households in the Republic of Ireland currently do not hold a valid television licence.

Licence Fee attribution and use

The greater proportion of RTÉ's activities are public service activities but the cost of providing these services is well in excess of the amount of public funding received in the form of Licence Fee revenue. As a result RTÉ is critically reliant on a Dual Public / Commercial funding model and must engage in ancillary commercial activities aimed at generating commercial revenues to bridge the gap in public funding received.

The accompanying pie-chart shows the attribution of Licence Fee revenues, received by RTÉ during 2007, to some of the public service activities carried out. The table following separately sets out a representation of how the proportion of each Licence Fee received was utilised during 2007 as RTÉ neither receives, nor is entitled to the benefit of, all of the Licence Fee monies collected.

Utilisation of Each TV Licence Fee Collected

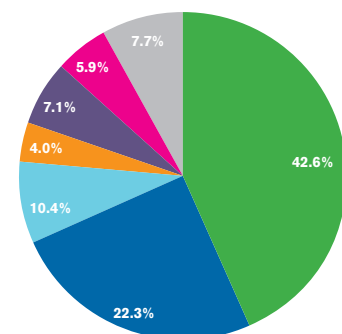
	2007	2006
	€	Restated €
RTÉ One	60.12	59.36
RTÉ Two	31.47	33.64
Sub-total RTÉ Television	91.59	93.00
RTÉ Radio 1	14.64	11.98
RTÉ RnaG	10.02	9.46
RTÉ lyric fm	5.68	5.44
Sub-total RTÉ Radio	30.34	26.88
RTÉ Performing Groups	10.89	11.14
Total RTÉ activities	132.82	131.02
RTÉ Support for TG4	8.34	7.53
Broadcasting fund	7.40	7.30
Collection costs:		
An Post / DCENR / DSFA	9.44	9.91

Average cost of each individual TV Licence ¹ 158.00 155.76

1: The Licence Fee increased from €155 to €158 from 1 October 2006.

Attribution of Licence Revenue received by RTÉ in 2007

RTÉ One	42.6%
RTÉ Two	22.3%
RTÉ Radio 1	10.4%
RTÉ lyric fm	4.0%
RTÉ RnaG	7.1%
Support Provided to TG4	5.9%
Performing Groups	7.7%



Financial Review (continued)

Operating Costs

During 2007, RTÉ's operating costs increased at a lower rate than its revenues. Nonetheless RTÉ was subject to material inflationary pressures in some areas, most markedly the rate of growth in personnel related costs (PRCs) which themselves make up approximately 50% of RTÉ's total operating costs. This growth in PRCs reflects a wide variety of cost pressures the most material of which related to the implementation of *Towards 2016* and the ongoing cost escalation arising from existing incremental scales. Growth in non-personnel related costs was contained at more modest levels.

The impact of the overall rise in operating costs can be summarised as follows:

	€m
Increases in the cost and volume of indigenous programming output	+18.9
Increased cost of broadcasting the output	+2.0
Increased cost of non broadcast output	+2.0
Sales cost increases	+1.9
Other factors	+1.7
Year-on-Year increase	+26.5
Operating costs 2006	+403.7
Operating costs 2007	+430.2

Significant ongoing effort continues to be targeted in 2008 aimed at ensuring a continual emphasis on, and delivery of, value for money through a range of cost control and other initiatives in pursuit of RTÉ's long-term strategic corporate objectives.

Employee numbers

At 31 December 2007 there were 2,307 (2006: 2,283) employees of which 358 (2006: 399) were part-time / casual employees.

Group staff analysis at 31 December 2007

	2006	2007
Television	846	842
Radio	518	501
News & Current Affairs	327	362
Performing Groups	223	222
Network	74	75
Publishing	92	97
Corporate HQ & Central Shared Services	203	208

The very small increases in employment numbers reflect ongoing satisfactory improvements in productivity relative to higher increases in output achieved. Importantly the stability in the current overall level of employment masks the significant changes that have been achieved in the composition of the skill-sets required to operate RTÉ. This is particularly apt in areas such as information technology on which RTÉ like all broadcasters has become ever increasingly reliant.

Taxation

In November 2006, Revenue notified RTÉ that Television Licence Fee Income which RTÉ receives by way of grant-in-aid was for the first time since the establishment of RTÉ to be subject to corporation tax with effect from 1 January 2007.

Revenue have in addition sought to retrospectively change the availability of past losses carried forward arising on or before 31 December 2006. Historically RTÉ has used such losses in the standard manner for off-set tax purposes.

Since its inception RTÉ has operated on the understanding that the legislative process whereby the grant-in-aid voted in the Houses of the Oireachtas, on foot of TV Licence monies collected, is intended to enable RTÉ to discharge the Public Service Broadcasting obligations imposed on it by the Oireachtas rather than for such monies to be returned in a circular fashion back to the Government in the form of Corporation Tax. In addition RTÉ understood that its entitlement to avail of Losses Forward would be no greater or no less than other corporate taxpayers generally. Accordingly RTÉ has sought to contest the changes adopted by the Revenue Commissioners.

If a successful outcome to RTÉ's challenge is achieved, the RTÉ group had corporation tax losses forward at the 31 December 2006 of €1.88 billion.

Cash flow

Operating cash flow is used to fund RTÉ's day-to-day cash needs and to enable RTÉ establish long-term cash reserves. These cash reserves are primarily for capital purposes and are an essential pre-requisite to allow RTÉ to commence the planning and procurement processes for the substantial capital expenditure requirements that are envisaged to arise during the course of the coming years.

RTÉ's cash flow generated from operations of €31.2m in 2007, represented an increase of €5.6m on the previous year.

“In November 2006, Revenue notified RTÉ that Television Licence Fee Income which RTÉ receives by way of grant-in-aid was for the first time since the establishment of RTÉ to be subject to corporation tax with effect from 1 January 2007.”

Cash reserves held at 31 December 2007 of €90.1m compared with liabilities under the various restructuring schemes of €17.4m.

Capital Expenditure

RTÉ's total capital expenditure in 2007 was €19.1m (2006: €17.1m)

In furtherance of RTÉ's strategic planning objectives, much current attention is focused on the detailed planning required to support, justify, manage and finance a number of large and complex projects which need to be undertaken in the years ahead.

The following long-term capital projects in particular will together pose material, financial and other resource challenges far exceeding anything comparable in the recent history of the organisation:

- DTT (Digital Terrestrial Television)
 - The implementation of a National Transmission, Distribution and Multiplexing Infrastructure;
- DTT Platform Investment;
- Digital Evolution Integration Strategy (DEIS) – conversion of analogue to digital production capability including digitised file server and storage; and
- Renewal and re-configuration of building fabric and facilities.

Pensions

RTÉ operates a Contributory Funded Defined Benefit Pension Scheme (DB) and a number of Contributory Defined Contribution Schemes (DC) for its employees.

RTÉ Superannuation Scheme (DB)

As at 31 December 2007, RTÉ had 568 employees who were members of the RTÉ Superannuation Scheme. In addition, RTÉ continues to make contributions to this scheme for 86 former employees, who left RTÉ under various restructuring packages. The RTÉ Superannuation Scheme is a defined benefit scheme with funds under management at 31 December 2007 of €996.7m, at market value. No new employees have been admitted to this scheme since July 1989.

At the request of the trustees, the actuaries to the scheme have carried out a long term actuarial funding valuation and reported a surplus of €41.2m as at 1 January 2008 (1 January 2007: €35.7m) using the attained age method to compute future service liabilities and adopting a 2.0% investment gap as a key financial assumption.

The scheme actuaries have separately prepared information in accordance with the methodology referred to above and mandated by IAS 19 and have reported a surplus on this basis of €17.5m as at 31 December 2007 (31 December 2006: €13.9m). IAS 19 is the comparable International Financial Reporting Standard to FRS 17, the accounting standard which applies to the reporting of pensions under GAAP.

The RTÉ Defined Contribution Pension Scheme (DC)

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

The principal DC scheme is the RTÉ Defined Contribution Pension Scheme which at 31 December 2007 had 1,280 employee members. Protracted negotiations have been underway for a number of years with employee representatives concerning the structure, funding and administration of this scheme and related pension service arrangements. At this point in time an agreed solution has not yet emerged.

Insurance

Appropriate insurance cover is held for a range of material insurable risks, including sizable catastrophe risks, subject to relevant deductions and exclusions.

Corporate Responsibility

RTÉ first commenced publishing a separate *Corporate Responsibility Report* in 2006. The second report issued in Autumn 2007 with a further report due to be published in Autumn 2008.

A copy of the *Corporate Responsibility Report* is available on RTÉ.ie.

Legal proceedings

RTÉ and its subsidiary companies are party to a range of legal proceedings, including ones in which claims have been asserted against RTÉ or its subsidiaries but the outcome of which currently remains uncertain. Based on the advice received, RTÉ believes that necessary steps have been taken to ensure the outcome of all of these proceedings will not, in aggregate, have a long term significant adverse effect on RTÉ's financial condition, results or liquidity.

Looking ahead

Trading performance to date in early 2008 continues to be satisfactory, with commercial income holding up when compared with 2007 levels.

In 2008, the key financial priorities for RTÉ include:

- Achieving modest growth in the level of Commercial Revenue, when compared to the high growth levels generated over the past number of years, with a view to ensuring the sustainability of current levels of programming activity;
- Maintaining and increasing the already heavy emphasis on the achievement of a variety of continuous improvement, value for money, cost control and cost containment projects;
- Ensuring the ongoing and rigorous operation of financial risk controls aimed at protecting RTÉ's ability to deliver on its public service broadcasting remit;
- Plan, manage and control a number of large long-term Capital Projects; and
- Continuing with the next phase of the development and implementation of a long-term funding plan to enable RTÉ to finance the organisation's capital programme in the most efficient manner.

Authority



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 retired as its Chairman in 2007. 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 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.



Emer Finnan

Emer was appointed to the Authority with effect from 14 September 2005. She is Director, Strategic Development and Secretary of the EBS Building Society. 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.



Maria Killian

Maria was appointed to the Authority with effect from 21 June 2005. She currently works as a Human Resources 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 is a graduate of UCD, with a B.A. and M.A. in Organisational Psychology.



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 Vice-President of the Irish Congress of Trade Unions.

Patricia has previously served two terms as a member of the National Roads Authority.



Dr. Ian Malcolm

Ian was appointed to the Authority with effect from 21 June 2005. He holds a PhD from Queen's University Belfast for his research into the attitudes of young Protestants in Northern Ireland towards the Irish language.

He previously worked with a number of local and regional newspapers in the North and 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.

Ian also holds a First Class Honours degree in Celtic Studies from Queen's University Belfast.



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.



Úna Ní Chonaire

Úna was appointed to the RTÉ Authority with effect from 21 June 2005. She works with Glór na nGael in Rath Cairn, Co. Meath. She is a fluent Irish speaker and contributes occasionally to RTÉ Raidió na Gaeltachta.

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



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 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.



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.

Authority Committees

Remuneration and Management Development Committee

One meeting was held during the year. This meeting was attended by Mary Finan (Chairman), Maria Killian, Ian Malcolm and Stephen O'Byrnes (full attendance).

Audit Committee

There were ten meetings during the year, with full attendance at each meeting. The increase in the number of meetings in the current year is due to the adoption of IFRS. This resulted in specific training for committee members, further meetings to consider the impact of IFRS on the 2008 budget and additional time being devoted to considering the revisions to the accounting policies.

Paddy Marron (Chairman), Emer Finnan and Patricia King attended the three meetings held prior to a change in the membership of the committee. Paddy Marron (Chairman), Emer Finnan and Maria Killian attended the seven meetings held subsequent to this change.

Programme Committee

There were three meetings of the Programme Committee during 2007.

Maria Killian (Chairman), Ian Malcolm and Úna Ní Chonaire attended the first meeting of the committee (full attendance). The membership of the committee changed in April 2007, with attendance at the remaining two meetings as follows:

	Meetings Attended
Ian Malcolm (Chairman)	2
Patricia King	2
Úna Ní Chonaire	1
Stephen O'Byrnes	2

Corporate Development Committee

There were five meetings held during the year, attended as follows:

	Meetings Attended
Mary Finan (Chairman)	3
Emer Finnan	5
Patricia King	4
Paddy Marron	5
Joe O'Brien	5

Authority Attendance

There were eight Authority meetings held in 2007 attended as follows:

Mary Finan	8	Paddy Marron	8
Emer Finnan	7	Úna Ní Chonaire	5
Maria Killian	8	Joe O'Brien	8
Patricia King	7	Stephen O'Byrnes	7
Dr. Ian Malcolm	8		

Executive Board



**Cathal Goan
(Director-General)**

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 Curran
(Managing Director Television)**

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 Hayes
(Chief Financial Officer)**

Conor joined RTÉ as Chief Financial Officer in October 2001. In addition he oversees RTÉNL (Network), RTÉ Publishing IBD, Group IT & Technology, Group Property & Services and the Television Licence Monitoring Unit. He is Chairman of the Trustees of the RTÉ Superannuation Scheme.

A business 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 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 Moynes
(Managing Director Radio)**

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.



**Edward Mulhall
(Managing Director News
and Current Affairs)**

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 Rosney
(Director of Communications)**

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 maintaining the highest standards of corporate governance.

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

As a statutory corporation established under the *Broadcasting Authority Act, 1960*, the provisions of the *Combined Code on Corporate Governance* are not applicable to RTÉ. However, RTÉ does conform in as far as is feasible and on a voluntary basis with the *Combined Code* and has undertaken appropriate steps to achieve compliance with its principal requirements where relevant to RTÉ. The following exceptions from the *Combined Code* are applicable:

- The Authority is appointed by and its remuneration set by Government. Consequently, the requirements of the *Combined Code* relating to the appointment of Authority members (including the timing of their appointment, the composition of the Authority and the remuneration of Authority members) are not applicable to RTÉ;
- RTÉ is accountable to the Minister for Communications, Energy and Natural Resources and has no share capital. Accordingly, provisions relating to shareholder relations and the conduct of Annual General Meetings are also not applicable;
- The remuneration of the Director-General is set within a range determined by the Minister for Finance and the Minister for Communications, Energy and Natural Resources;
- The details of Authority members' remuneration on page 36 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 for their services as Authority members;
- The Government has not appointed a Senior Independent Authority member; and
- As the Government is responsible for appointing Authority members, the Authority does not consider it appropriate to establish a formal policy in relation to performance evaluation of the Authority, its Committees or its individual members. However, the Chairman continuously assesses the effectiveness of the Authority and the participation of its members.

RTÉ Authority Role and composition

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. The term of office of the current Authority will terminate on 20 June 2008. Biographical details of Authority members are set out on pages 30 and 31.

The Authority members guide the corporate direction and strategy of the organisation and act as trustees for the public interest, ensuring that RTÉ fulfils its statutory responsibilities. Authority members have varied backgrounds, skills and experience and each brings independent judgement to bear by constructively challenging the Director-General and the Executive Board and helping to develop RTÉ's strategic objectives.

There is a clear division of responsibilities between the position of Chairman of the Authority, who is non-executive, and the Director-General. The Director-General, in conjunction with executive management, takes responsibility for RTÉ's day-to-day operations. The Chairman's responsibilities include leading the Authority, determining its agenda, ensuring its effectiveness and facilitating full participation by each Authority member.

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

Authority procedures

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.

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 an insurance 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, which covers key areas of RTÉ's business:

- Reviewing financial and operational performance;
- Approval of strategic plans, the annual budget and the annual financial statements;
- Approval of major investments and capital projects;
- Treasury policy and risk management policies;
- Delegated authority levels; and
- Reviewing the system of internal controls.

Certain other matters are delegated to Authority committees, as set-out below. 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, as required.

Authority Committees

The Authority has established three permanent committees to assist in the execution of its responsibilities. These are the Audit Committee, the Remuneration and Management Development Committee and the Programme Committee. Temporary committees are formed from time to time to deal with specific matters under defined terms of reference. One such committee, the Corporate Development Committee, operated during 2007. The membership of each committee, together with details of attendance at meetings held in 2007 is set out on page 31.

The *Audit Committee* comprises three Authority members, all of whom are considered independent. 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.

The role and responsibilities of the Audit Committee include:

- Selecting the external auditors, for approval and appointment by the Authority, approving their terms of reference and fees and determining with the external auditors the nature and scope of the audit work;
- Reviewing the performance, independence and objectivity of the external auditors each year. 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;
- Reviewing, prior to formal submission to the Authority, the group’s annual budget;
- 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 Audit Committee has put in place safeguards to ensure that the independence and objectivity of the external audit function is not compromised. These safeguards are reviewed at regular intervals. In addition, 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.

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 4 to the financial statements.

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

The *Remuneration and Management Development Committee* comprises four Authority members, all of whom are considered independent, and is assisted, as necessary, by a nominee from the Department of Communications, Energy and Natural Resources. The committee has written terms of reference and its role and responsibilities include:

- Considering the targets, performance and remuneration of the Director-General and making recommendations to the Authority prior to seeking Government approval thereon;
- Developing RTÉ’s policy on executive remuneration and considering and approving 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); and
- Reviewing the “top talent” contracts.

The remuneration of Authority members is determined by Government and, as such, is not a specific consideration of this committee.

The *Programme Committee* comprises four Authority members (three members prior to a change in the composition of the committee in April 2007), 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 and Current Affairs and their senior management colleagues to review programme output and upcoming strategy and plans. The Chairman of the Programme Committee is the Authority’s representative on the RTÉ Audience Council and he keeps the Committee briefed on the Council’s deliberations.

The *Corporate Development Committee* operated as a temporary committee during 2007. The committee comprised five Authority members, four of whom are considered independent and one of whom is an employee. Initially appointed during the last quarter of 2005 to focus on the preparation of a five year strategic corporate plan, the committee reconvened during 2007 to oversee the preparation of a second iteration of the five year strategic corporate plan (for the period 2007 – 2011), for consideration and adoption by the Authority.

Independence of Members of the Authority

Each Authority member brings independent judgment, challenge and rigour to the Authority’s deliberations. As required by the *Combined Code*, the Authority has completed an evaluation of the independence of its members using the independence criteria as set out in 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. However, in the case of Joe O’Brien, who is an RTÉ employee, for that reason alone, he cannot be considered an independent member of the Authority as per the criteria of the *Combined Code*.

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.

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 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 enquiries, 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.

Emoluments of Authority members¹

	2007 €'000	2006 €'000
Mary Finan	35	30
Emer Finnan	18	17
Maria Killian	18	17
Patricia King	18	17
Ian Malcolm ²	18	17
Paddy Marron	18	17
Úna Ní Chonaire ²	18	17
Joe O'Brien ³	18	17
Stephen O'Byrnes ²	18	17
Payments to a former Authority member ⁴	-	2
	179	168

¹ All members of the Authority are non-executive.

² In addition to their Authority fees, Stephen O'Byrnes, Úna Ní Chonaire and Ian Malcolm received immaterial amounts for contributions to RTÉ programmes.

³ In addition to his Authority fees, Joe O'Brien was paid as an employee of RTÉ.

⁴ Fintan Drury resigned as Chairman with effect from 19 January 2006.

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.

Emoluments of Director-General

	2007 €'000	2006 €'000
Cathal Goan		
- Basic salary	283	268
- Performance related pay	108	44
- Pension contributions	23	22
- Other benefits	27	26
	441	360

Performance related pay in 2007 above was in respect of 2006 performance, in addition to payment under the 2004 – 2006 Long Term Performance Scheme.

Pension benefits earned during the year and total accrued pension at 31 December 2007 were as follows:

	€'000
Increase in accrued pension during 2007 ¹	4
Transfer value of increase ²	68
Total accrued pension at year end ³	132

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 2007 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.

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 2007.

Principal activities

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

Business review

Detailed reviews of the performance during 2007 are set out in the Operational review on pages 8 to 25 and in the Financial review on pages 26 to 29. These reviews encompass the principal risks and uncertainties faced by the Group and an 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 2007*, are reviewed on pages 82 to 90.

Members of the Authority

The 15th Authority was appointed with effect from 21 June 2005. The names of the persons who served as members of the Authority during the year ended 31 December 2007 are set out on pages 30 and 31.

Corporate governance

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

- Corporate governance pages 34 to 36
- Authority members' profiles pages 30 to 31
- Statement of Authority members' responsibilities page 38

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.

Payment of accounts

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

Group companies

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

Auditors

KPMG, Chartered Accountants, continue in office in accordance with Section 160 (2) of the *Companies Act, 1963*.

Political donations

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

On behalf of the Authority

Mary Finan
Chairman

13 March 2008

Paddy Marron
Authority Member and Chairman
of the Audit Committee

Cathal Goan
Director-General

Statement of Authority Members' Responsibilities

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

Broadcasting legislation requires the RTÉ Authority to prepare Group and RTÉ financial statements for each financial year. Under that legislation, the RTÉ Authority members have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and have elected to prepare the RTÉ financial statements on the same basis.

The Group and RTÉ financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Group and RTÉ.

In preparing each of the Group and RTÉ 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 the Group and RTÉ will continue in business.

The RTÉ Authority members are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Group and RTÉ 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 ensuring that the corporate governance statement on pages 34 to 36 reflects the Group's compliance with the *Code of Practice for the Governance of State Bodies*.

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

Paddy Marron
Authority Member and Chairman
of the Audit Committee

Cathal Goan
Director-General

13 March 2008

Independent Auditor's Report

As Auditors appointed by the Minister for Communications, Energy and Natural Resources, we have audited the RTÉ and Group financial statements ('the financial statements') for the year ended 31 December 2007 which comprise the Group Income Statement, the RTÉ and Group Balance Sheets, the RTÉ and Group Cash Flow Statements, the RTÉ and Group Statements of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Minister for Communications, Energy and Natural Resources (the "Minister"). Our audit work has been undertaken so that we might state to the Minister those matters we are required to state to him in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than RTÉ and the Minister, 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 International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the statement of Authority members' responsibilities on page 38.

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 in accordance with IFRSs as adopted by the EU and, in the case of RTÉ as applied in accordance with the provisions of relevant 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 pages 34 to 36 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, operational review, financial review and corporate governance statement. 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 Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 December 2007 and of its surplus of the year then ended;
- the RTÉ financial statements give a true and fair view in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of broadcasting legislation, of the state of RTÉ's affairs as at 31 December 2007; and
- the financial statements have been properly prepared in accordance with broadcasting legislation.

We have obtained all the information and explanations we considered 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
13 March 2008

Statement of Accounting Policies

1. Basis of accounting

(a) Reporting entity

RTÉ is a statutory corporation established under the *Broadcasting Authority Act, 1960* and is domiciled in Ireland. The consolidated financial statements of RTÉ as at and for the year ended 31 December 2007 comprise of the statutory corporation and all entities controlled by it (together referred to as the "Group").

(b) Statement of compliance

The RTÉ and Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union (EU) that are effective for the year ended 31 December 2007 and are applied in accordance with the provisions of broadcasting legislation. The Group has also elected to present both its consolidated and RTÉ parent entity financial statements in accordance with the provisions of the Irish *Companies Acts, 1963 to 2006* in so far as necessary to give a true and fair view. Accordingly RTÉ's parent balance sheet, statement of cash flows and statement of total recognised income and expense have also been presented with the consolidated financial statements as would ordinarily be required by the Irish Companies Acts 1963 to 2006.

These consolidated financial statements are the Group's first financial statements to be prepared in accordance with IFRS. An explanation of how the transition to IFRS has impacted the reported financial position and financial performance of the Group is provided in note 24 to the financial statements.

(c) Basis of preparation

The RTÉ and Group financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

The Group financial statements are prepared in Euro, rounded to the nearest thousand, which is the functional currency of all the Group entities.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected. The key areas involving significant judgement or complexity, or areas where assumptions and estimates are significant to the Group's financial statements relate primarily to the valuation of the defined benefit pension scheme, financial instruments, provisions, and deferred tax and are documented in the relevant accounting policies below and in the related notes. The accounting policies set out below have been applied consistently by group entities and by RTÉ, where applicable, to all periods presented in these consolidated and RTÉ financial statements and in preparing the opening IFRS balance sheet at 1 January 2006.

2. Basis of consolidation

(a) Subsidiaries

The Group financial statements include the financial statements of RTÉ and all of its subsidiary entities drawn up to 31 December each year. Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(b) Seirbhísí Theilifís na Gaeilge Teoranta

Theilifís na Gaeilge was established as an independent statutory entity to operate the television service broadcast as TG4 on 1 April 2007, pursuant to the *Theilifís na Gaeilge (Establishment Day) Order 2007*, which implemented the relevant provisions of the *Broadcasting Act 2001*. Prior to this separation, the operations of TG4 had been conducted through Seirbhísí Theilifís na Gaeilge Teoranta, a wholly controlled RTÉ subsidiary. The operations of TG4 up to 31 March 2007 have been classified as a discontinued operation in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* within the results as presented for the Group.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when an operation meets the criteria to be classified as held for sale, if earlier. When

an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation has been discontinued from the start of the comparative period.

(c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any realised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3. Revenue recognition

(a) Recognition principles

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.

In general, revenue is recognised to the extent that recovery is probable, it is subject to reliable measurement, it is probable that economic benefits will flow to the Group and that the significant risks and rewards of ownership has transferred to the buyer.

(b) 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 collected directly by the Department of Communications, Energy and Natural Resources (DCENR) from DSFA. All other Licence Fee revenue is collected by An Post and paid over to DCENR, net of collection costs. DCENR makes a non-repayable "grant-in-aid" to RTÉ from these Licence Fees collected, 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 a 5% levy to the Special Broadcasting Fund, together with the amounts paid to it by DSFA.

Licence Fee revenue is recognised when known to be receivable.

(c) Advertising and sponsorship income

Television advertising income is recognised on delivery of a campaign. 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.

(d) 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.

(e) 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.

(f) 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.

4. Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

Arising from the Group's internal organisation structure and its system of internal financial reporting, the Group's primary reporting segment, under IAS 14 *Segment Reporting*, is by Integrated Business Division (IBD). Each IBD is a separate division organised and managed separately according to the nature of the services and products provided.

The Group has only one secondary (geographical) segment, as it currently provides its products and services exclusively within one economic environment – Ireland.

5. Foreign currency transactions

Transactions denominated in foreign currencies are translated to the respective functional currencies of group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. 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 Group Income Statement.

Non-monetary assets and liabilities are denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange at the date that the fair value was determined.

6. Property, plant and equipment**(a) Recognition and measurement**

Property, plant and equipment is shown at historical cost, net of accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the replaced item can be measured reliably. All other repairs and maintenance costs are charged to the Income Statement during the financial period in which they are incurred.

(b) Depreciation

Depreciation is provided on all property, plant and equipment, 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% – 25%
Plant and equipment	7.5% – 20%
Fixtures and fittings	10% – 25%

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment and depreciated accordingly.

(c) Impairment

In accordance with IAS 36 *Impairment of assets* the carrying amount of items of buildings and plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment and are subjected to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, then the assets recoverable amount is estimated.

7. Intangible assets**(a) Recognition and measurement**

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Group or from other rights and obligations.

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The Group's intangible assets are entirely software-related in nature.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

(b) Amortisation

Intangible assets, with finite useful economic lives, are amortised to the income statement on a straight line basis over their estimated useful lives from the date they are available for use. In the case of computer software, the useful economic lives are generally 3 to 5 years.

Statement of Accounting Policies (continued)

(c) Impairment

In accordance with IAS 36 *Impairment of assets* the carrying amount of intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment and are subjected to impairment testing when events or changes in circumstances indicate that the carrying values are not recoverable. If any such indication exists, then the assets recoverable amount is estimated.

8. Financial instruments

(a) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, liquid investments, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Investments in subsidiaries

RTÉ's investments in subsidiary companies in its balance sheet are recognised at cost, less impairment losses.

Trade and other receivables

Trade and other receivables are stated at cost, which approximates to fair value given the short-dated nature of these assets. Trade receivables are carried at original invoice amount less any impairment for potentially unrecoverable amounts. Impairment is recognised if there is objective evidence after initial recognition that a balance may not be recoverable in full or in part.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances held for the purposes of meeting short term cash commitments and investments which are either readily convertible to known amounts of cash at or close to their carrying values and are subject to an insignificant risk of changes in value. Where investments are classified as cash equivalents, the related balances have a maturity of three months or less from the date of acquisition. Income on these assets is recognised on an effective interest rate basis.

Liquid investments

Liquid investments comprise short-term deposits and current asset investments which have a maturity date of greater than three months from the date of acquisition but less than twelve months from the balance sheet date. Given that the maturity of these investments falls outside the timeframe for classification as cash and cash equivalents under IAS 7 *Cash Flow Statements*, the related balances are treated as financial assets and are stated at fair value at each balance sheet date.

Income on these assets is recognised on an effective interest rate basis.

Trade and other payables

Trade and other payables are stated at cost, which approximates to fair value given the short-dated nature of these assets.

(b) Derivative financial instruments

Derivative financial instruments are primarily used to manage the Group's exposure to fluctuations in foreign currency exchange rates including US Dollar and Sterling. The Group does not enter into speculative derivative contracts.

Derivative financial instruments are initially recognised at fair value and are subsequently re-measured to fair value at each balance sheet date. Changes in the fair value have been recognised immediately in the Income Statement as the Group has chosen not to hedge account for any derivatives in 2007 or 2006.

9. Inventories

(a) Programme inventories

Programme inventories are valued at the lower of cost and net realisable value.

Indigenous programme inventories are programmes produced in-house by RTÉ or programmes commissioned by RTÉ from independent producers. Costs for in-house programme stock include direct programme costs including production facilities and programme labour costs. Costs for commissioned programme stocks are based on the contract price. Indigenous programme inventories are charged to the Income Statement in full on first transmission.

Acquired programme inventories are programmes and films purchased by RTÉ from third party studios and broadcasters. Costs for acquired programme inventories are defined as the third party licence contract price which RTÉ pays the studio or broadcaster. Acquired programme inventories are charged to the Income Statement based on the expected value of each transmission as follows:

Features: 75% on first transmission, 25% on second transmission

Series: 99% on first transmission, 1% on second transmission

Sports rights inventories are the rights to broadcast sporting events. Costs for sport rights inventories are defined as the contract price agreed by the Group with the relevant sports body or rights holder. Sports rights inventories are charged to the Income Statement as the sporting events relating to the rights are broadcast.

(b) Other inventories

Other inventories consist of stocks of minor spare parts and they are stated at the lower of cost and net realisable value. Other inventories are charged to the Income Statement as they are consumed for repairs and maintenance.

10. Provisions

A provision is recognised when: the Group has a present obligation (either legal or constructive) as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the Authority members' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Where the Group anticipates that a provision will be reimbursed, the reimbursement is recognised as a separate asset when it is virtually certain that the reimbursement will arise.

11. Employee benefits

(a) Retirement benefit obligations

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 the Income Statement in the period in which they are earned by the relevant employees.

For the RTÉ Superannuation Scheme, a funded contributory 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 the Income Statement 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 Income Statement. 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 recognised income and expense.

(b) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, if it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(c) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

12. Income tax

(a) Recognition

Income tax comprises current and deferred tax. Income tax expense is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(b) Current tax

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Group's taxable income is liable to Irish corporation tax. The Group's Licence Fee revenue earned prior to 31 December 2006 was exempt from corporation tax.

(c) Deferred tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are anticipated to apply in the period in which the asset is realised or the liability is settled based on the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences with the exception of the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither the accounting profit or taxable profit or loss at the time of the transaction.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

13. Operating leases

Payments made under operating leases are recognised in the Income Statement on a straight-line basis over the term of the lease.

14. New standards and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2007, and have not been applied in preparing these consolidated financial statements:

- IFRS 8 *Operating Segments* introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Group's 2009 financial statements, requires the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Group presents segment information by Integrated Business Division (IBD) (see note 1) which is consistent with internal reporting for decision making purposes so the adoption of IFRS 8 is not expected to have a significant impact.

- Revised IAS 23 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. The revised IAS 23 will become mandatory for the Group's 2009 financial statements but is not expected to have any impact for RTÉ as the Group has no borrowings.

- IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions* requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction. IFRIC 11 will become mandatory for the Group's 2008 financial statements but is not expected to have any impact for RTÉ as the Group has no share capital or share based payment arrangements.

- IFRIC 12 *Service Concession Arrangements* provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12, which becomes mandatory for the Group's 2008 financial statements, is not expected to have any effect on the consolidated financial statements.

Group Income Statement

for the year ended 31 December 2007

	Notes	2007 €'000	2006 €'000
Continuing operations			
Revenue	1	441,152	405,021
Operating costs	2	(430,189)	(403,660)
Surplus before financing and tax		10,963	1,361
Finance income	3	3,970	2,392
Finance expense	3	(1,534)	(1,227)
Net defined benefit pension related finance income	3	16,184	14,485
Net finance income		18,620	15,650
Surplus before income tax	4	29,583	17,011
Income tax (expense)/credit	7	(3,154)	937
Surplus from continuing operations		26,429	17,948
Discontinued operation			
Result from discontinued operation - net of tax	6	-	-
Surplus for the year after tax		26,429	17,948

On behalf of the Authority

Mary Finan
Chairman

13 March 2008

Paddy Marron
Authority Member and Chairman
of the Audit Committee

Cathal Goan
Director-General

Group Statement of Recognised Income and Expense

for the year ended 31 December 2007

	Notes	2007 €'000	2006 €'000
Actuarial (loss)/gain on pension scheme assets	19	(6,312)	2,112
Deferred tax on defined benefit pension scheme	20	(458)	(1,327)
Income and expense recognised directly in equity		(6,770)	785
Surplus for the year after tax		26,429	17,948
Total recognised income and expense for the year	15	19,659	18,733

RTÉ Statement of Recognised Income and Expense

for the year ended 31 December 2007

	Notes	2007 €'000	2006 €'000
Actuarial (loss)/gain on pension scheme assets	19	(6,312)	2,112
Deferred tax on defined benefit pension scheme	20	(458)	(1,327)
Income and expense recognised directly in equity		(6,770)	785
Surplus for the year after tax		17,975	10,384
Total recognised income and expense for the year	15	11,205	11,169

Group Balance Sheet

at 31 December 2007

	Notes	2007 €'000	2006 €'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	79,096	80,012
Intangible assets	9	4,515	3,346
Pension asset	19	17,535	13,872
Other receivables	12	942	1,589
Total non-current assets		102,088	98,819
Current assets			
Inventories	11	44,387	41,453
Trade and other receivables	12	65,390	59,874
Prepayments and accrued income		19,455	12,009
Derivative financial instruments		-	80
Liquid investments	14	73,405	69,433
Cash and cash equivalents	13	16,730	11,870
Total current assets		219,367	194,719
Total assets		321,455	293,538
EQUITY			
Retained earnings	15	180,729	161,070
LIABILITIES			
Non-current liabilities			
Employee benefits	18	13,468	15,329
Deferred tax liabilities	20	10,365	11,471
Total non-current liabilities		23,833	26,800
Current liabilities			
Trade and other payables	16	70,055	70,987
Taxation and social welfare		14,972	10,445
Derivative financial instruments	21	984	261
Employee benefits	18	24,727	18,561
Provisions	17	6,155	5,414
Total current liabilities		116,893	105,668
Total liabilities		140,726	132,468
Total equity and liabilities		321,455	293,538

On behalf of the Authority

Mary Finan
Chairman

13 March 2008

Paddy Marron
Authority Member and Chairman
of the Audit Committee

Cathal Goan
Director-General

Group Cash Flow Statement

for the year ended 31 December 2007

	Notes	2007 €'000	2006 €'000
Cash flows from operating activities			
Surplus for the year after tax		26,429	17,948
Adjustments for:			
Depreciation of property, plant and equipment		17,857	16,534
Amortisation of intangible assets		988	552
(Gain)/loss on disposal of property, plant and equipment		(5)	152
Difference between pension charge and cash contributions		6,209	5,978
Net finance income		(19,423)	(16,189)
Income tax expense/(credit)		3,154	(937)
		35,209	24,038
Change in inventories		(2,195)	4,973
Change in trade and other receivables		(4,208)	(4,374)
Change in prepayments		(7,259)	3,265
Change in trade and other payables		6,294	(1,199)
Change in taxation and social welfare		(191)	925
Change in provisions and employee benefits		3,574	(2,017)
Net cash from operating activities		31,224	25,611
Cash flows from investing activities			
Cash disposed of on discontinued operation	6	(3,568)	-
Interest received		3,865	1,538
Proceeds from sale of property, plant and equipment		43	29
Acquisition of property, plant and equipment		(20,026)	(11,657)
Acquisition of intangible assets		(2,706)	(1,955)
Net cash used in investing activities		(22,392)	(12,045)
Cash flows from financing activities			
Increase in liquid investments		(3,972)	(23,165)
Net cash used in financing activities		(3,972)	(23,165)
Net increase/(decrease) in cash and cash equivalents		4,860	(9,599)
Cash and cash equivalents at 1 January		11,870	21,469
Increase/(decrease) in cash and cash equivalents		4,860	(9,599)
Cash and cash equivalents at 31 December		16,730	11,870

RTÉ Balance Sheet

at 31 December 2007

	Notes	2007 €'000	2006 €'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	49,192	53,372
Intangible assets	9	4,238	3,173
Investments in subsidiaries	10	65,827	51,355
Pension asset	19	17,535	13,872
Other receivables	12	942	1,589
Total non-current assets		137,734	123,361
Current assets			
Inventories	11	43,622	40,742
Trade and other receivables	12	55,612	51,446
Prepayments and accrued income		17,367	9,668
Derivative financial instruments		-	80
Liquid investments	14	31,923	69,433
Cash and cash equivalents	13	11,369	11,574
Total current assets		159,893	182,943
Total assets		297,627	306,304
EQUITY			
Retained earnings	15	137,654	126,449
LIABILITIES			
Non-current liabilities			
Employee benefits	18	13,468	15,329
Deferred tax liabilities	20	8,425	9,659
Total non-current liabilities		21,893	24,988
Current liabilities			
Trade and other payables	16	95,337	122,087
Taxation and social welfare		11,902	9,449
Derivative financial instruments	21	984	261
Employee benefits	18	23,800	17,755
Provisions		6,057	5,315
Total current liabilities		138,080	154,867
Total liabilities		159,973	179,855
Total equity and liabilities		297,627	306,304

On behalf of the Authority

Mary Finan
Chairman

13 March 2008

Paddy Marron
Authority Member and Chairman
of the Audit Committee

Cathal Goan
Director-General

RTÉ Cash Flow Statement

for the year ended 31 December 2007

	2007 €'000	2006 €'000
Cash flows from operating activities		
Surplus for the year after tax	17,975	10,384
Adjustments for:		
Depreciation of property, plant and equipment	12,448	12,071
Amortisation of intangible assets	953	523
(Gain)/loss on disposal of property, plant and equipment	(4)	24
Difference between pension charge and cash contributions	6,209	5,978
Net finance income	(19,372)	(16,189)
Income tax expense/(credit)	1,504	(834)
	19,713	11,957
Change in inventories	(2,141)	5,038
Change in trade and other receivables	(3,519)	(4,639)
Change in prepayments	(7,564)	2,850
Change in trade and other payables	(22,305)	7,839
Change in taxation and social welfare	(744)	637
Change in provisions and employee benefits	3,453	(2,131)
Net cash from operating activities	(13,107)	21,551
Cash flows from investing activities		
Interest received	3,864	1,538
Proceeds from sale of property, plant and equipment	34	-
Increase in investment in subsidiaries	(14,472)	-
Acquisition of property, plant and equipment	(11,468)	(7,112)
Acquisition of intangible assets	(2,566)	(1,802)
Net cash used in investing activities	(24,608)	(7,376)
Cash flows from financing activities		
Decrease/(increase) in liquid investments	37,510	(23,165)
Net cash from/(used in) financing activities	37,510	(23,165)
Net decrease in cash and cash equivalents	(205)	(8,990)
Cash and cash equivalents at 1 January	11,574	20,564
Decrease in cash and cash equivalents	(205)	(8,990)
Cash and cash equivalents at 31 December	11,369	11,574

Notes

forming part of the group financial statements

1 Principal activities and segmental information

(a) Principal activities

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. Within its Publishing division, RTÉ provides an extensive range of, free, web-based Online 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 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.

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 10 to these financial statements.

(b) Segmental information

Segmental analysis, prepared in accordance with IAS 14 *Segment Reporting* is set out in schedules at 1(d) and 1(e). RTÉ's primary reporting segments are its IBDs, its business segments. As stated above RTÉ's public services serve Irish society and its ancillary commercial activities are primarily within the Republic of Ireland. As RTÉ therefore operates primarily within one geographical segment, no secondary geographical segmental information is required.

Segmental analysis by IBD – continuing operations

Segmental analysis by IBD (continuing operations) is presented in the schedules at 1(d) and 1(f). In the schedules set out at 1(d), 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(d)), 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).

In 1(f) below, assets and liabilities by IBD are stated after the elimination of inter-company assets and liabilities and any inter-company profit resulting from internal transfers.

1 Principal activities and segmental information (continued)

Segmental analysis – discontinued operation

Teilifís na Gaeilge was established as an independent statutory entity to operate the television service broadcast as TG4 on 1 April 2007, pursuant to the *Teilifís na Gaeilge (Establishment Day) Order 2007*, which implemented the relevant provisions of the *Broadcasting Act 2001*. Prior to this separation, the operations of TG4 had been conducted through Seirbhísí Theilifís na Gaeilge Teoranta, a wholly owned RTÉ subsidiary. The operations of TG4 have been classified as a discontinued operation in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*, and Seirbhísí Theilifís na Gaeilge Teoranta (STnaG), a wholly owned RTÉ subsidiary has been dormant since the separation.

Details in relation to the discontinued operation are set out in note 6.

(c) Other analysis

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(e), 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.

No Licence Fee revenue is attributed to RTÉ 2fm as this public service channel generates sufficient commercial revenue to fully cover its costs and to generate a surplus.

The funding of RTÉ Radio 1's costs comprises:

- RTÉ Radio 1 advertising and sponsorship;
- surpluses generated by non-channel Radio IBD commercial activities; and
- surpluses generated by RTÉ 2fm;

with the balance being made up of an attribution of Licence Fee revenue consisting of two elements:

- an amount equivalent to the allocated cost of services supplied to RTÉ Radio 1 by the News and Current Affairs IBD; 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, Online public services, which are currently solely financed by surpluses generated from commercial activities.

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

The schedules set out at 1(f) are 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 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, Online public services are currently financed entirely by commercial revenues generated from other activities and therefore attract no attribution of Licence Fee revenue.

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

In 1(g) below, the amounts charged by RTÉNL to each of the RTÉ services (including TG4, up to 31 March 2007) are separately identified.

Notes (continued)

forming part of the group financial statements

1 Principal activities and segmental information (continued)

(d) Revenues, costs and surplus/(deficit) by IBD (continuing operations), in line with RTÉ's organisational structure, year ended 31 December 2007:

	Television IBD €'000	Radio IBD €'000	News & Current Affairs IBD €'000	Performing Groups IBD €'000	Network IBD €'000	Publishing IBD €'000	Corporate HQ €'000	Consolidation Adjustments* €'000	Group Total €'000
Revenue									
Advertising income	156,928	39,977	-	3	-	6,388	-	(874)	202,422
Sponsorship income	7,147	1,794	-	201	-	963	-	-	10,105
Facilities income	2,172	240	-	429	-	-	-	(539)	2,302
Circulation and event income	-	-	-	1,760	-	5,248	-	-	7,008
Transmission, mast & towers income	-	-	-	-	28,157	-	-	(14,378)	13,779
Content, merchandising and related sales	5,290	1,922	-	57	-	2,497	-	(51)	9,715
Other commercial revenue	-	-	-	-	-	122	40	(40)	122
Commercial revenue	171,537	43,933	-	2,450	28,157	15,218	40	(15,882)	245,453
Licence Fee revenue attribution	89,992	32,021	58,581	15,105	-	-	-	-	195,699
	261,529	75,954	58,581	17,555	28,157	15,218	40	(15,882)	441,152
Costs by output category									
Programme costs – by source									
In-house productions	(104,997)	(60,408)	(61,025)	-	-	-	-	153	(226,277)
Statutory commissions	(32,915)	-	-	-	-	-	-	-	(32,915)
Non-statutory commissions	(44,160)	-	(114)	-	-	-	-	-	(44,274)
Indigenous programming	(182,072)	(60,408)	(61,139)	-	-	-	-	153	(303,466)
Acquired programmes – Ireland	(372)	-	-	-	-	-	-	-	(372)
Acquired programmes – overseas	(23,679)	-	-	-	-	-	-	-	(23,679)
	(206,123)	(60,408)	(61,139)	-	-	-	-	153	(327,517)
General broadcast & transmission costs	(25,133)	(2,203)	(90)	-	(22,637)	-	-	4,135	(45,928)
RTÉNL transmission and power charges	(6,970)	(6,540)	-	-	-	-	-	13,510	-
Sales costs	(7,365)	(3,254)	-	-	-	(1,949)	-	179	(12,389)
Other output related costs	(5,788)	(895)	-	(17,555)	-	(14,249)	(7,439)	946	(44,980)
	(251,379)	(73,300)	(61,229)	(17,555)	(22,637)	(16,198)	(7,439)	18,923	(430,814)
Unallocated revenues and costs									
Net interest receivable	-	-	-	-	-	-	3,061	-	3,061
IBD surplus/(deficit)	10,150	2,654	(2,648)	-	5,520	(980)	(4,338)	3,041	13,399
Net defined benefit pension related finance income									16,184
Surplus before income tax									29,583
Income tax expense									(3,154)
Surplus for the year after tax									26,429

*Elimination of intra-group revenue and costs.

1 Principal activities and segmental information (continued)

(d) Revenues, costs and surplus/(deficit) by IBD (continuing operations), in line with RTE's organisational structure, year ended 31 December 2006:

	Television IBD €'000	Radio IBD €'000	News & Current Affairs IBD €'000	Performing Groups IBD €'000	Network IBD €'000	Publishing IBD €'000	Corporate HQ €'000	Consolidation Adjustments* €'000	Group Total €'000
Revenue									
Advertising income	139,638	39,519	-	1	-	5,900	-	(1,098)	183,960
Sponsorship income	7,051	1,480	-	239	-	615	-	-	9,385
Facilities income	2,025	238	-	324	-	-	-	(558)	2,029
Circulation and event income	-	-	-	1,671	-	5,313	-	-	6,984
Transmission, mast & towers income	-	-	-	-	25,753	-	-	(15,694)	10,059
Content, merchandising and related sales	5,427	1,619	-	54	-	2,633	-	(30)	9,703
Other commercial revenue	66	-	-	-	-	-	28	(28)	66
Commercial revenue	154,207	42,856	-	2,289	25,753	14,461	28	(17,408)	222,186
Licence Fee revenue attribution	88,682	26,375	53,083	14,695	-	-	-	-	182,835
	242,889	69,231	53,083	16,984	25,753	14,461	28	(17,408)	405,021
Costs by output category									
Programme costs – by source									
In-house productions	(100,940)	(55,376)	(55,647)	-	-	-	-	173	(211,790)
Statutory commissions	(24,459)	-	-	-	-	-	-	-	(24,459)
Non-statutory commissions	(48,354)	-	-	-	-	-	-	-	(48,354)
Indigenous programming	(173,753)	(55,376)	(55,647)	-	-	-	-	173	(284,603)
Acquired programmes – Ireland	(656)	-	-	-	-	-	-	-	(656)
Acquired programmes – overseas	(22,844)	(11)	-	-	-	-	-	-	(22,855)
	(197,253)	(55,387)	(55,647)	-	-	-	-	173	(308,114)
General broadcast & transmission costs	(24,630)	(1,759)	(104)	-	(20,352)	-	-	2,912	(43,933)
RTÉNL transmission and power charges	(6,272)	(6,152)	-	-	-	-	-	12,424	-
Sales costs	(7,224)	(2,565)	-	-	-	(1,687)	-	964	(10,512)
Other output related costs	(5,340)	(700)	-	(16,984)	-	(12,823)	(6,075)	403	(41,519)
	(240,719)	(66,563)	(55,751)	(16,984)	(20,352)	(14,510)	(6,075)	16,876	(404,078)
Unallocated revenues and costs									
Net interest receivable	-	-	-	-	-	-	1,583	-	1,583
IBD surplus/(deficit)	2,170	2,668	(2,668)	-	5,401	(49)	(4,464)	(532)	2,526
Net defined benefit pension related finance income									14,485
Surplus before income tax									17,011
Income tax credit									937
Surplus for the year after tax									17,948

*Elimination of intra-group revenue and costs.

Notes (continued)

forming part of the group financial statements

1 Principal activities and segmental information (continued)

(e) 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 2007:

	RTÉ One €'000	RTÉ Two €'000	RTÉ Radio 1 €'000	RTÉ 2fm €'000	RTÉ lyric fm €'000	RTÉ RnaG €'000	TG4 Support €'000	Performing Groups €'000	Corporate HQ €'000	Online Services €'000	Other €'000	Consolidation Adjustments €'000	Group Total €'000
PUBLIC SERVICE ACTIVITIES													
Indigenous programme costs													
In-house production	(88,438)	(55,813)	(40,422)	(12,717)	(7,219)	(12,708)	(9,113)	-	-	-	-	153	(226,277)
Statutory commissions	(29,106)	(3,809)	-	-	-	-	-	-	-	-	-	-	(32,915)
Non-statutory commissions	(26,226)	(15,650)	-	-	-	-	(2,398)	-	-	-	-	-	(44,274)
	(143,770)	(75,272)	(40,422)	(12,717)	(7,219)	(12,708)	(11,511)	-	-	-	-	153	(303,466)
Programme Costs – by Genre:													
Arts	(1,139)	-	(2,658)	-	(390)	(28)	-	-	-	-	-	2	(4,213)
Education	(229)	-	(17)	(51)	(86)	(78)	-	-	-	-	-	-	(461)
Religious	(3,969)	-	(560)	-	-	(90)	-	-	-	-	-	4	(4,615)
Other factual	(35,736)	(2,212)	(2,664)	-	(202)	(2,828)	(2,167)	-	-	-	-	20	(45,789)
Factual	(41,073)	(2,212)	(5,899)	(51)	(678)	(3,024)	(2,167)	-	-	-	-	26	(55,078)
Drama	(33,118)	(6,034)	(717)	-	-	(104)	(381)	-	-	-	-	40	(40,314)
Entertainment	(27,135)	(7,250)	(4,764)	(1,798)	(238)	(511)	(1,086)	-	-	-	-	20	(42,762)
Music	(2,012)	(1,210)	(7,024)	(6,610)	(5,770)	(1,626)	-	-	-	-	-	2	(24,250)
News, Current Affairs and Weather	(38,964)	(3,055)	(17,438)	(4,168)	(488)	(5,486)	(6,629)	-	-	-	-	30	(76,198)
Sport	(1,468)	(40,139)	(4,576)	(90)	-	(1,345)	(7)	-	-	-	-	16	(47,609)
Young peoples	-	(15,372)	(4)	-	(45)	(612)	(995)	-	-	-	-	19	(17,009)
Other	-	-	-	-	-	-	(246)	-	-	-	-	-	(246)
Indigenous programming	(143,770)	(75,272)	(40,422)	(12,717)	(7,219)	(12,708)	(11,511)	-	-	-	-	153	(303,466)
Indigenous non-broadcast output costs	-	-	-	-	-	-	-	(17,555)	(7,439)	(3,250)	-	9	(28,235)
	(143,770)	(75,272)	(40,422)	(12,717)	(7,219)	(12,708)	(11,511)	(17,555)	(7,439)	(3,250)	-	162	(331,701)
Public funding													
Licence Fee revenue attribution	83,342	43,633	20,297	-	7,875	13,889	11,558	15,105	-	-	-	-	195,699
	(60,428)	(31,639)	(20,125)	(12,717)	656	1,181	47	(2,450)	(7,439)	(3,250)	-	162	(136,002)
Other public service activity costs by output category													
Acquired programmes													
- Ireland	(230)	(142)	-	-	-	-	-	-	-	-	-	-	(372)
- overseas	(13,684)	(9,995)	-	-	-	-	-	-	-	-	-	-	(23,679)
General broadcast and transmission costs													
RTÉNL transmission and power charges	(3,485)	(3,485)	(3,594)	(975)	(981)	(990)	-	-	-	-	-	-	(13,510)
	(30,154)	(26,013)	(4,880)	(1,481)	(1,232)	(1,181)	(47)	-	-	-	-	-	(64,988)
Unallocated revenues and costs													
Net interest receivable	-	-	-	-	-	-	-	-	3,061	-	-	-	3,061
Net defined benefit pension related finance income	-	-	-	-	-	-	-	-	-	-	16,184	-	16,184
Deficit on public service activities	(90,582)	(57,652)	(25,005)	(14,198)	(576)	-	-	(2,450)	(4,378)	(3,250)	16,184	162	(181,745)
NON-PUBLIC SERVICE ACTIVITIES													
Commercial revenue	111,323	52,729	22,258	20,020	628	-	-	2,450	40	2,226	49,661	(15,882)	245,453
Non-public service operating costs													
General broadcast and transmission costs													
RTÉNL transmission and power charges	-	-	-	-	-	-	-	-	-	-	(22,636)	4,135	(18,501)
	-	-	-	-	-	-	-	-	-	-	-	13,510	13,510
Sales costs	(5,149)	(2,216)	(1,762)	(1,440)	(52)	-	-	-	-	(476)	(1,473)	179	(12,389)
Other operating costs	-	-	-	(297)	-	-	-	-	-	-	(17,385)	937	(16,745)
	(5,149)	(2,216)	(1,762)	(1,737)	(52)	-	-	-	-	(476)	(41,494)	18,761	(34,125)
Contribution from non-public service activities	106,174	50,513	20,496	18,283	576	-	-	2,450	40	1,750	8,167	2,879	211,328
Net surplus / (deficit) before income tax													
	15,592	(7,139)	(4,509)	4,085	-	-	-	-	(4,338)	(1,500)	24,351	3,041	29,583
Income tax expense	-	-	-	-	-	-	-	-	-	-	(3,154)	-	(3,154)
Surplus / (deficit) for the year after tax	15,592	(7,139)	(4,509)	4,085	-	-	-	-	(4,338)	(1,500)	21,197	3,041	26,429

1 Principal activities and segmental information (continued)

(e) 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 2006:

	RTÉ One €'000	RTÉ Two €'000	RTÉ Radio 1 €'000	RTÉ 2fm €'000	RTÉ lyric fm €'000	RTÉ RnaG €'000	TG4 Support €'000	Performing Groups €'000	Corporate HQ €'000	Online Services €'000	Other €'000	Consolidation Adjustments €'000	Group Total €'000
PUBLIC SERVICE ACTIVITIES													
Indigenous programme costs													
In-house production	(80,676)	(55,929)	(36,767)	(12,364)	(6,515)	(11,456)	(8,256)	-	-	-	-	173	(211,790)
Statutory commissions	(24,689)	230	-	-	-	-	-	-	-	-	-	-	(24,459)
Non-statutory commissions	(27,241)	(19,445)	-	-	-	-	(1,668)	-	-	-	-	-	(48,354)
	(132,606)	(75,144)	(36,767)	(12,364)	(6,515)	(11,456)	(9,924)	-	-	-	-	173	(284,603)
Programme Costs – by Genre:													
Arts	(1,037)	-	(2,893)	-	(352)	(1)	-	-	-	-	-	1	(4,282)
Education	(513)	-	(57)	(192)	(69)	-	-	-	-	-	-	-	(831)
Religious	(3,402)	-	(338)	-	-	(80)	-	-	-	-	-	-	(3,820)
Other factual	(31,327)	(3,181)	(2,895)	-	(175)	(2,538)	(1,348)	-	-	-	-	1	(41,463)
Factual	(36,279)	(3,181)	(6,183)	(192)	(596)	(2,619)	(1,348)	-	-	-	-	2	(50,396)
Drama	(32,685)	(6,515)	(912)	-	-	(137)	(381)	-	-	-	-	-	(40,630)
Entertainment	(24,751)	(6,754)	(2,483)	(815)	(157)	(246)	(1,801)	-	-	-	-	35	(36,972)
Music	(1,686)	(1,552)	(7,023)	(6,735)	(5,385)	(1,615)	-	-	-	-	-	14	(23,982)
News, Current Affairs and Weather	(35,741)	(2,822)	(16,506)	(4,359)	(328)	(4,964)	(5,438)	-	-	-	-	1	(70,157)
Sport	(1,464)	(41,754)	(3,431)	(263)	-	(1,200)	(4)	-	-	-	-	121	(47,995)
Young peoples	-	(12,566)	(229)	-	(49)	(675)	(952)	-	-	-	-	-	(14,471)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Indigenous programming	(132,606)	(75,144)	(36,767)	(12,364)	(6,515)	(11,456)	(9,924)	-	-	-	-	173	(284,603)
Indigenous non-broadcast output costs													
	-	-	-	-	-	-	-	(16,984)	(6,075)	(2,900)	-	-	(25,959)
	(132,606)	(75,144)	(36,767)	(12,364)	(6,515)	(11,456)	(9,924)	(16,984)	(6,075)	(2,900)	-	173	(310,562)
Public funding													
Licence Fee revenue attribution	78,340	44,393	15,806	-	7,181	12,478	9,942	14,695	-	-	-	-	182,835
	(54,266)	(30,751)	(20,961)	(12,364)	666	1,022	18	(2,289)	(6,075)	(2,900)	-	173	(127,727)
Other public service activity costs													
by output category													
Acquired programmes													
- Ireland	(377)	(279)	-	-	-	-	-	-	-	-	-	-	(656)
- overseas	(12,285)	(10,559)	-	-	(11)	-	-	-	-	-	-	-	(22,855)
General broadcast and transmission costs													
RTÉNL transmission and power charges	(3,136)	(3,136)	(3,355)	(926)	(931)	(940)	-	-	-	-	-	-	(12,424)
	(28,314)	(26,148)	(4,239)	(1,436)	(1,253)	(1,022)	(18)	-	-	-	40	-	(62,390)
Unallocated revenues and costs													
Net interest receivable	-	-	-	-	-	-	-	-	1,583	-	-	-	1,583
Net defined benefit pension related finance income	-	-	-	-	-	-	-	-	-	-	14,485	-	14,485
Deficit on public service activities	(82,580)	(56,899)	(25,200)	(13,800)	(587)	-	-	(2,289)	(4,492)	(2,900)	14,525	173	(174,049)
NON-PUBLIC SERVICE ACTIVITIES													
Commercial revenue	98,306	48,454	21,392	20,103	618	-	-	2,289	28	1,150	47,254	(17,408)	222,186
Non-public service operating costs													
General broadcast and transmission costs													
RTÉNL transmission and power charges	-	-	-	-	-	-	-	-	-	-	(20,390)	2,912	(17,478)
	-	-	-	-	-	-	-	-	-	-	-	12,424	12,424
Sales costs	(5,055)	(2,169)	(1,397)	(1,137)	(31)	-	-	-	-	(298)	(1,389)	964	(10,512)
Other operating costs	-	-	-	(186)	-	-	-	-	-	-	(15,777)	403	(15,560)
	(5,055)	(2,169)	(1,397)	(1,323)	(31)	-	-	-	-	(298)	(37,556)	16,703	(31,126)
Contribution from non-public service activities	93,251	46,285	19,995	18,780	587	-	-	2,289	28	852	9,698	(705)	191,060
Net surplus / (deficit) before income tax													
	10,671	(10,614)	(5,205)	4,980	-	-	-	-	(4,464)	(2,048)	(24,223)	(532)	17,011
Income tax credit	-	-	-	-	-	-	-	-	-	-	937	-	937
Surplus / (deficit) for the year after tax	10,671	(10,614)	(5,205)	4,980	-	-	-	-	(4,464)	(2,048)	(25,160)	(532)	17,948

Notes (continued)

forming part of the group financial statements

1 Principal activities and segmental information (continued)

(f) Assets, liabilities and other information by IBD (continuing operations), in line with RTÉ's organisational structure

	Television IBD €'000	Radio IBD €'000	News & Current Affairs IBD €'000	Performing Groups IBD €'000	Network IBD €'000	Publishing IBD €'000	Unallocated ¹ €'000	Group Total €'000
Year ended 31 December 2007								
Segment assets	149,576	20,413	4,745	1,303	43,949	6,928	-	226,914
Unallocated assets	-	-	-	-	-	-	94,541	94,541
Total assets	149,576	20,413	4,745	1,303	43,949	6,928	94,541	321,455
Segment liabilities	(51,894)	(4,505)	(3,937)	(1,740)	(10,336)	(4,209)	-	(76,621)
Unallocated liabilities	-	-	-	-	-	-	(64,105)	(64,105)
Total liabilities	(51,894)	(4,505)	(3,937)	(1,740)	(10,336)	(4,209)	(64,105)	(140,726)
Capital expenditure	5,697	3,217	1,274	37	8,487	424	-	19,136
Depreciation of property, plant and equipment	8,284	2,521	1,505	119	5,739	338	(648)	17,858
Amortisation of intangible assets	553	246	71	11	41	66	-	988
Year ended 31 December 2006								
Segment assets	141,632	19,478	4,682	880	42,763	6,124	-	215,559
Unallocated assets	-	-	-	-	-	-	77,979	77,979
Total assets	141,632	19,478	4,682	880	42,763	6,124	77,979	293,538
Segment liabilities	(47,693)	(3,472)	(3,173)	(1,532)	(8,993)	(3,305)	-	(68,168)
Unallocated liabilities	-	-	-	-	-	-	(64,300)	(64,300)
Total liabilities	(47,693)	(3,472)	(3,173)	(1,532)	(8,993)	(3,305)	(64,300)	(132,468)
Capital expenditure	7,714	2,346	810	226	5,445	598	-	17,139
Depreciation of property, plant and equipment	8,375	2,013	1,533	47	5,309	201	(944)	16,534
Amortisation of intangible assets	258	196	65	10	9	14	-	552

¹ Unallocated assets principally comprise cash and liquid investments and the actuarial surplus on the RTÉ Superannuation Scheme. Unallocated liabilities principally comprise tax and other financial liabilities together with employee related liabilities and provisions.

1 Principal activities and segmental information (continued)**(g) Analysis of network charges to all RTÉ Services (including TG4)**

	2007 €'000	2006 €'000
RTÉ One	3,485	3,136
RTÉ Two	3,485	3,136
RTÉ Radio 1	3,594	3,355
RTÉ 2fm	975	926
RTÉ lyric fm	981	931
RTÉ Raidió na Gaeltachta	990	940
RTÉ support provided to TG4 and Seirbhísí Theilifís na Gaeilge Teoranta (up to 31 March 2007)	862	3,269
	14,372	15,693

2 Operating costs

	2007 €'000	2006 €'000
Employee costs (note 5)	169,615	152,814
Other personnel related costs	46,185	42,218
Personnel related operating costs	215,800	195,032
Direct commissioned programme costs	70,211	66,885
Direct acquired programme costs	22,684	22,337
Sports and other copyrights	16,861	17,511
Outside broadcast contracts	7,172	6,935
International communication circuits	3,582	2,971
Guide printing and related costs	3,585	3,613
Network electricity	3,244	3,020
Music licences	6,448	6,543
Insurance policies	1,457	1,556
Depreciation and amortisation	18,846	17,086
Other costs	60,299	60,171
Non Personnel related operating costs	214,389	208,628
Total operating costs	430,189	403,660

3 Finance income and expense

	2007 €'000	2006 €'000
Interest income on bank deposits	3,970	2,392
Finance income	3,970	2,392
Unwind of discount on restructuring provision (note 18)	728	688
Fair value losses on derivative financial instruments	803	539
Other finance costs	3	-
Finance expense	1,534	1,227
Expected return on scheme assets (note 19)	62,098	55,611
Interest cost on scheme liabilities (note 19)	(45,914)	(41,126)
Net defined benefit pension related finance income	16,184	14,485
Net finance income recognised in income statement	18,620	15,650

Notes (continued)

forming part of the group financial statements

4 Surplus on continuing operations before income tax

The surplus on continuing operations before income tax includes the following amounts:

	2007 €'000	2006 €'000
Depreciation and amortisation		
- Depreciation of property, plant and equipment	17,858	16,534
- Amortisation of intangible assets	988	552
Gain/ (loss) on disposal of property, plant and equipment	5	(152)
Auditors' remuneration, including expenses		
- audit fees	144	118
- other audit related services	65	47
- non audit work		
- tax advice	256	202
- corporate finance	128	83
- other services	3	57
Operating lease rentals, principally vehicles	193	374

The remuneration of Authority members and the Director-General are set out on page 36.

5 Employee information

Group staff costs during the year amounted to:

	2007 €'000	2006 €'000
Wages and salaries	143,050	129,047
Social welfare costs	9,479	8,727
Pension costs and life assurance	17,086	15,040
	169,615	152,814

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

	No. of employees		Full time equivalents	
	2007	2006	2007	2006
RTÉ Group	2,307	2,283	2,106	2,061

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

	2007	2006
RTÉ Group	2,319	2,239

6 Discontinued operation

Teilifís na Gaeilge was established as an independent statutory entity to operate the television service broadcast as TG4 on 1 April 2007, pursuant to the *Teilifís na Gaeilge (Establishment Day) Order 2007*, which implemented the relevant provisions of the *Broadcasting Act 2001*. Prior to this separation, the operations of TG4 had been conducted through Seirbhísí Theilifís na Gaeilge Teoranta, a wholly owned RTÉ subsidiary.

There was no impact on the Income Statement from this separation as no amounts were recognised in the RTÉ Group Income Statement in prior years in relation to TG4.

Effect of disposal on the financial position of the Group as at 31 March 2007

	2007 €'000
Property, plant and equipment	(9,287)
Cash and cash equivalents	(3,568)
Trade and other receivables	(1,806)
Deferred tax liabilities	-
Trade and other payables	2,457
Capital grants	12,204
	-
Consideration received, satisfied in cash	-
Cash disposed of	(3,568)
Net cash outflow	(3,568)

7 Income tax expense

	2007 €'000	2006 €'000
Current tax expense		
Current corporation tax	4,718	-
	4,718	-
Deferred tax credit		
Origination and reversal of temporary differences (note 20)	(1,564)	(937)
	(1,564)	(937)
Income tax expense/(credit) from continuing operations	3,154	(937)

Television Licence Fee income that RTÉ receives by way of grant-in-aid is subject to corporation tax with effect from 1 January 2007, in line with the notification received from Revenue in November 2006. Revenue have also sought to restrict the availability of past losses carried forward. RTÉ has challenged this approach and as the issue is ongoing no account has been taken of any potential losses forward in preparing these accounts. If a successful outcome is achieved, the group had corporation tax losses forward at 31 December 2006: €1.88 billion.

Notes (continued)

forming part of the group financial statements

7 Income tax expense (continued)

Reconciliation of effective tax rate

	2007 €'000	2006 €'000
Surplus excluding income tax multiplied by the standard rate of corporation tax in Ireland of 12.5% (2006: 12.5%)	3,698	2,126
Effects of:		
Exempt Licence Fee revenue	-	(22,855)
Income taxable at a higher rate of tax	432	299
Utilisation of trading losses arising from exempt grant-in-aid	-	(1,846)
Other differences, including corporation tax losses arising in the year	(976)	21,339
	3,154	(937)

Deferred tax recognised directly in equity

	2007 €'000	2006 €'000
Relating to pension surplus (note 20)	(458)	(1,327)
	(458)	(1,327)

8 Property, plant and equipment

Group

	Land and buildings €'000	Plant and equipment €'000	Fixtures and fittings €'000	Capital projects in progress €'000	Total €'000
Cost					
Balance at 1 January 2006	60,013	150,195	3,152	8,831	222,191
Additions	-	-	-	15,732	15,732
Reclassifications	1,065	14,347	146	(15,558)	-
Disposals and retirements	(7,477)	(12,965)	(586)	-	(21,028)
Balance at 31 December 2006	53,601	151,577	2,712	9,005	216,895
Balance at 1 January 2007	53,601	151,577	2,712	9,005	216,895
Additions	-	773	-	16,206	16,979
Reclassifications	561	15,959	190	(16,710)	-
Disposals and retirements	(21)	(6,130)	(289)	-	(6,440)
Balance at 31 December 2007	54,141	162,179	2,613	8,501	227,434
Depreciation					
Balance at 1 January 2006	24,847	104,402	1,826	-	131,075
Depreciation for the year	3,112	13,163	259	-	16,534
Disposals and retirements	(1,334)	(8,979)	(413)	-	(10,726)
Balance at 31 December 2006	26,625	108,586	1,672	-	136,883
Balance at 1 January 2007	26,625	108,586	1,672	-	136,883
Depreciation for the year	3,631	13,960	267	-	17,858
Disposals and retirements	(19)	(6,095)	(289)	-	(6,403)
Balance at 31 December 2007	30,237	116,451	1,650	-	148,338
Net book value					
At 1 January 2006	35,166	45,793	1,326	8,831	91,116
At 31 December 2006	26,976	42,991	1,040	9,005	80,012
At 31 December 2007	23,904	45,728	963	8,501	79,096

8 Property, plant and equipment (continued)**RTÉ**

	Land and buildings €'000	Plant and equipment €'000	Fixtures and fittings €'000	Capital projects in progress €'000	Total €'000
Cost					
Balance at 1 January 2006	46,244	74,828	2,046	7,187	130,305
Additions	-	-	-	9,353	9,353
Reclassifications	909	8,786	139	(9,834)	-
Disposals and retirements	-	(581)	(2)	-	(583)
Balance at 31 December 2006	47,153	83,033	2,183	6,706	139,075
Balance at 1 January 2007	47,153	83,033	2,183	6,706	139,075
Additions	-	-	-	8,627	8,627
Reclassifications	309	11,208	190	(11,707)	-
Disposals and retirements	-	(2,951)	-	-	(2,951)
Balance at 31 December 2007	47,462	91,290	2,373	3,626	144,751
Depreciation					
Balance at 1 January 2006	20,862	52,106	909	-	73,877
Depreciation for the year	2,957	8,858	256	-	12,071
Disposals	-	(243)	(2)	-	(245)
Balance at 31 December 2006	23,819	60,721	1,163	-	85,703
Balance at 1 January 2007	23,819	60,721	1,163	-	85,703
Depreciation for the year	3,443	8,742	263	-	12,448
Disposals	-	(2,592)	-	-	(2,592)
Balance at 31 December 2007	27,262	66,871	1,426	-	95,559
Net book value					
At 1 January 2006	25,382	22,722	1,137	7,187	56,428
At 31 December 2006	23,334	22,312	1,020	6,706	53,372
At 31 December 2007	20,200	24,419	947	3,626	49,192

Notes (continued)

forming part of the group financial statements

9 Intangible assets

Group

	Software €'000	Software under construction €'000	Total €'000
Cost			
Balance at 1 January 2006	2,852	466	3,318
Additions	395	1,012	1,407
Reclassifications	280	(280)	-
Disposals and retirements	(3)	-	(3)
Balance at 31 December 2006	3,524	1,198	4,722
Balance at 1 January 2007	3,524	1,198	4,722
Additions	329	1,828	2,157
Reclassifications	2,760	(2,760)	-
Disposals and retirements	(472)	-	(472)
Balance at 31 December 2007	6,141	266	6,407
Amortisation			
Balance at 1 January 2006	827	-	827
Amortisation for the year	552	-	552
Disposals and retirements	(3)	-	(3)
Balance at 31 December 2006	1,376	-	1,376
Balance at 1 January 2007	1,376	-	1,376
Amortisation for the year	988	-	988
Disposals and retirements	(472)	-	(472)
Balance at 31 December 2007	1,892	-	1,892
Net book value			
At 1 January 2006	2,025	466	2,491
At 31 December 2006	2,148	1,198	3,346
At 31 December 2007	4,249	266	4,515

9 Intangible assets (continued)**RTÉ**

	Software €'000	Software under construction €'000	Total €'000
Cost			
Balance at 1 January 2006	2,512	466	2,978
Additions	335	919	1,254
Reclassifications	253	(253)	-
Balance at 31 December 2006	3,100	1,132	4,232
Balance at 1 January 2007	3,100	1,132	4,232
Additions	330	1,688	2,018
Reclassifications	2,677	(2,677)	-
Disposals and retirements	(183)	-	(183)
Balance at 31 December 2007	5,924	143	6,067
Amortisation			
Balance at 1 January 2006	536	-	536
Amortisation for the year	523	-	523
Balance at 31 December 2006	1,059	-	1,059
Balance at 1 January 2007	1,059	-	1,059
Amortisation for the year	953	-	953
Disposals and retirements	(183)	-	(183)
Balance at 31 December 2007	1,829	-	1,829
Net book value			
At 1 January 2006	1,976	466	2,442
At 31 December 2006	2,041	1,132	3,173
At 31 December 2007	4,095	143	4,238

Notes (continued)

forming part of the group financial statements

10 Investments in subsidiaries

RTÉ	Total €'000
Balance at 1 January 2007	51,355
Additions	14,472
Balance at 31 December 2007	65,827

RTÉ had the following subsidiaries at 31 December 2007:

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%	Dormant
RTÉ Transmission Network Limited	100%	Management of transmission network assets
RTÉ Licence Collections Limited	100%	Management of TV Licence collections
DTT Network Company	100%	Dormant

The Authority considers that the fair value of the Group's remaining investments is not less than their carrying value.

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.

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

	RTÉ	RTÉ Commercial Enterprises Limited	RTÉ Music Limited	RTÉ Transmission Network Limited
RTÉ TELEVISION IBD				
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		•		

	RTÉ	RTÉ Commercial Enterprises Limited	RTÉ Music Limited	RTÉ Transmission Network Limited
RTÉ RADIO IBD				
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 and 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		•		
RTÉ NEWS & CURRENT AFFAIRS IBD				
Provision of a national and international news gathering service	•			
Production and coverage of television and 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 and Current Affairs IBD	•			
RTÉ PERFORMING GROUPS IBD				
Orchestral and choir performances	•			
Commission, production, performance and recording of orchestral and choir music	•			
Hire of Symphony and Concert Orchestras	•			
Administration of RTÉ Performing Groups IBD	•			
RTÉ NETWORK IBD				
Provision of national analogue radio and television broadcast transmission services				•
Hire of ancillary mast and tower facilities				•
Administration of RTÉ Network IBD				•
RTÉ PUBLISHING IBD				
Sale of music copyright			•	
Origination and re-purposing of news and other broadcast material in digital format		•		
Provision of <i>AerteI</i> teletext services		•		
Provision of Online web services		•		
Sale of Online banner advertising and 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		•		
CENTRALLY INCURRED SHARED SERVICES				
Group Communications, Central HR, Group Legal, Group Treasury, Central IT Support, Donnybrook Site Services, Group Insurance and Group Pensions	•			
CORPORATE HQ				
Direction and overall operation of Public Service Broadcaster	•			
Holding of investments in broadcasting related activities	•			

Notes (continued)

forming part of the group financial statements

11 Inventories

	Group		RTÉ	
	2007 €'000	2006 €'000	2007 €'000	2006 €'000
<i>Work in progress</i>				
In house programmes	1,841	120	1,767	29
Commissioned programmes	22,371	22,092	22,371	22,092
<i>Finished programmes</i>				
Acquired programmes and films	14,130	14,231	14,130	14,232
In house programmes	1,030	2,164	1,030	2,164
Commissioned programmes	4,324	2,225	4,324	2,225
Other inventories	691	621	-	-
	44,387	41,453	43,622	40,742

Inventories consumed during the year ended 31 December 2007 total €109 million (2006: €107 million).

Other inventories relate to minor spare parts held in the Network business.

12 Trade and other receivables

	Group		RTÉ	
	2007 €'000	2006 €'000	2007 €'000	2006 €'000
<i>Current assets</i>				
Trade receivables	64,721	59,238	54,951	50,810
Other receivables	669	636	661	636
	65,390	59,874	55,612	51,446
<i>Non-current assets</i>				
Other receivables	942	1,589	942	1,589
	66,332	61,463	56,554	53,035

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 21.

13 Cash and cash equivalents

	Group		RTÉ	
	2007 €'000	2006 €'000	2007 €'000	2006 €'000
Bank balances	7,821	4,860	6,328	4,897
Call deposits	8,909	7,010	5,041	6,677
Total cash and cash equivalents	16,730	11,870	11,369	11,574
Weighted average interest rate on call deposits	5.15%	3.64%	5.15%	3.64%

14 Liquid investments

	Group		RTÉ	
	2007 €'000	2006 €'000	2007 €'000	2006 €'000
Term deposits	73,405	69,433	31,923	69,433
Total liquid investments	73,405	69,433	31,923	69,433
Weighted average interest rate on term deposits	4.84%	3.61%	4.84%	3.61%

All liquid investments have a maturity date of greater than 3 months from the date of acquisition but not more than 12 months from the balance sheet date.

15 Reserves

	Group		RTÉ	
	2007 €'000	2006 €'000	2007 €'000	2006 €'000
Retained earnings				
Balance at 1 January	161,070	142,337	126,449	115,280
Total recognised income and expense	19,659	18,733	11,205	11,169
Balance at 31 December	180,729	161,070	137,654	126,449

16 Trade and other payables

	Group		RTÉ	
	2007 €'000	2006 €'000	2007 €'000	2006 €'000
Trade payables	6,716	5,082	5,467	4,369
Amounts owed to subsidiary entities	-	-	40,188	65,717
Accruals and deferred income	63,339	65,905	49,682	52,001
	70,055	70,987	95,337	122,087

17 Provisions

	Total €'000
Balance at 1 January 2007	5,414
Provided during the year	1,820
Utilised during the year	(1,079)
Balance at 31 December 2007	6,155

Analysed as follows:

Non-current liabilities	-
Current liabilities	6,155
	6,155

Provisions represent prudent estimate of liabilities that may or may not arise, to third parties, in respect of claims notified or provided for at year end. Due to the nature of its operations, RTÉ is involved in various legal actions, principally in relation to alleged defamation and other similar disputes. The Authority is satisfied that it has made the best estimate of the appropriate provision in the financial statements for the likely outcomes of these actions.

Notes (continued)

forming part of the group financial statements

18 Employee benefits

(a) Total employee benefits

	Group		RTÉ	
	2007 €'000	2006 €'000	2007 €'000	2006 €'000
Restructuring provision (see below)	17,439	20,510	17,439	20,510
Other payroll related accruals	20,756	13,380	19,829	12,574
Total employee benefits	38,195	33,890	37,268	33,084
Analysed as follows:				
Non-current liabilities	13,468	15,329	13,468	15,329
Current liabilities	24,727	18,561	23,800	17,755
	38,195	33,890	37,268	33,084

(b) Restructuring provision

	2007 €'000	2006 €'000
Group and RTÉ:		
Balance at beginning of year	20,510	25,788
Provided during year	1,519	57
Utilised during the year	(5,318)	(6,023)
Interest charge (note 3)	728	688
Balance at end of year	17,439	20,510
Analysed as follows:		
Non-current liabilities	13,468	15,329
Current liabilities	3,971	5,181

The provision for restructuring costs at 31 December 2007 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.

(c) Other employee related accruals

Other employee related accruals consist of short-term employee benefits such as employee remuneration, bonuses and holiday leave provided for in accordance with IAS 19 *Employee Benefits*.

19 Pension arrangements

The Group is the principal sponsoring employer of the RTÉ Superannuation Scheme (a funded contributory defined benefit pension scheme to which no new employees have been admitted since 1989) and the RTÉ Defined Contribution Pension Scheme and also makes contributions to a number of other smaller defined contribution pension schemes on behalf of employees.

As is required by the *Pensions Act*, independent actuarial valuation reports based on actuarially determined long-term funding assumptions are regularly carried out in respect of the RTÉ Superannuation Scheme. The most recent actuarial funding valuation report is dated 1 January 2008 and was completed subsequent to the year end by the actuaries, Mercer, who are neither officers nor employees of the Group. This actuarial funding valuation, which uses the "attained age" method of valuation to derive the future service cost, discloses the scheme to have a surplus of assets over liabilities of €41.2m (1 January 2007: €35.7m), with allowance being made in the liabilities for post retirement increases on a full parity basis. The principal financial assumption underlying the actuarial funding 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 2008 was €996.7m (1 January 2007: €1,037.1m) and the level of funding exceeded 100% at the valuation date. The actuarial funding valuation report is not available for public inspection; however, the results of valuations are advised to members.

The employer pension contributions charged in respect of each year for the various schemes were:

	2007 €'000	2006 €'000
RTÉ Superannuation Scheme		
- current service cost	10,107	10,005
- past service cost	688	152
	10,795	10,157
RTÉ Defined Contribution Pension Scheme	5,955	5,062
Other schemes	638	578

As required by the accounting standard IAS 19, the actuaries, Mercer, also prepare a report setting out the position of the RTÉ Superannuation Scheme using the accounting valuation methodology specified in IAS 19. The IAS 19 approach to defined benefit fund accounting valuation and reporting uses the projected unit credit method to derive annual future pension charges, values assets at current fair market value and discounts future liabilities (using high grade corporate bond rates of approximate duration to the estimated life of the liabilities of the scheme) to arrive at a net present value of the liabilities of the scheme.

The major assumptions used for the purposes of the IAS 19 based accounting valuation of the RTÉ Superannuation Scheme were:

Valuation method	2007 Projected unit	2006 Projected unit	2005 Projected unit
Projected rate of increase in salaries	4.00%	3.60%	3.30%
Projected rate of increase in pensions in payment	4.00%	3.60%	3.30%
Discount rate	5.50%	4.50%	4.40%
Inflation assumption	2.25%	2.00%	2.00%
Mortality	Years	Years	Years
Life Expectancy Future Retirees			
Male of age 65	20.5	20.2	20.2
Female of age 65	23.5	23.2	23.2
Life Expectancy Existing Pensioners			
Male of age 65	19.5	19.0	19.0
Female of age 65	22.4	22.0	22.0

The weighted average plan asset allocation at the year end were as follows:

Asset category	2007	2006
Equities	55.4%	76.2%
Bonds	25.4%	11.3%
Property	9.3%	8.7%
Other	9.9%	3.8%
	100%	100%

Notes (continued)

forming part of the group financial statements

19 Pension arrangements (continued)

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:

	2007		2006		2005	
	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	7.30%	552,621	6.75%	794,133	6.75%	709,266
Bonds	4.30%	253,374	3.75%	117,371	3.25%	121,206
Property	5.30%	92,416	4.75%	85,792	4.75%	82,125
Other	4.00%	98,319	2.00%	39,764	2.00%	27,037
Total fair value of assets		996,730		1,037,060		939,634
Actuarial value of the liability		(979,195)		(1,023,188)		(936,381)
Accounting surplus in RTÉ Superannuation Scheme		17,535		13,872		3,253
Net pension asset recognised		17,535		13,872		3,253

The pension asset that can be recognised under IAS 19 is limited to the future benefit that RTÉ can expect to obtain from the surplus in the RTÉ Superannuation Scheme and by the decision of the Minister for Communications, Energy and Natural Resources.

Movement in present value of defined benefit obligations

	2007 €'000	2006 €'000
Defined benefit obligations at 1 January	1,023,188	936,381
Current service cost (see below)	10,107	10,005
Past service cost	688	152
Member contributions	3,320	3,210
Benefits paid by the plan	(32,569)	(29,849)
Interest cost	45,914	41,126
Actuarial (gains)/losses recognised in equity (see below)	(71,453)	62,163
Defined benefit obligations at 31 December	979,195	1,023,188

Movement in present value of plan assets

	2007 €'000	2006 €'000
Fair value of plan assets at 1 January	1,037,060	939,634
Authority contributions	4,586	4,179
Member contributions	3,320	3,210
Benefits paid by the plan	(32,569)	(29,849)
Expected return on plan assets	62,098	55,611
Actuarial (losses)/gains recognised in equity	(77,765)	64,275
Fair value of plan assets at 31 December	996,730	1,037,060

Expense recognised in group income statement

	2007 €'000	2006 €'000
Charged to operating costs		
Current service costs	10,107	10,005
Past service costs	688	152
	10,795	10,157

Credited to net finance income

Expected return on pension scheme assets	62,098	55,611
Interest on pension scheme liabilities	(45,914)	(41,126)
	16,184	14,485
Actual return on plan assets	(15,667)	119,886

19 Pension arrangements (continued)**Actuarial gains and losses recognised directly in equity**

	2007 €'000	2006 €'000
Cumulative amount at 1 January	2,112	-
Actual return less expected return on pension scheme assets	(77,765)	64,275
Experience gains and losses arising on the scheme liabilities	(2,967)	(30,907)
Changes in assumptions underlying the present value of the scheme liabilities	74,420	(31,256)
Cumulative amount at 31 December	(4,200)	2,112

The employer contribution rate to the RTÉ Superannuation Scheme for the year ended 31 December 2007 was 8% of employee members' pensionable earnings (2006: 8%).

History of actuarial gains and losses

	2007 €'000	2006 €'000	2005 €'000	2004 €'000	2003 €'000
Difference between expected and actual return on assets Expressed as a percentage of scheme assets	(77,765) (7.8%)	64,275 6.2%	111,199 11.8%	14,912 1.9%	26,291 3.5%
Experience loss arising on scheme liabilities Expressed as a percentage of scheme liabilities	(2,967) (0.3%)	(30,907) (3.0%)	(15,139) (1.6%)	(3,977) (0.5%)	8,388 1.2%
Effect of changes in actuarial assumptions Expressed as a percentage of scheme liabilities	74,420 7.6%	(31,256) (3.1%)	(103,200) (11%)	(71,163) (9.0%)	8,627 1.3%
Total actuarial gains and losses Expressed as a percentage of scheme liabilities	(6,312) (0.6%)	2,112 0.2%	(7,140) (0.8%)	(60,228) (7.6%)	43,306 6.3%

20 Deferred tax**Group****Recognised deferred tax assets and liabilities**

	Assets Net		(Liabilities) Net	
	2007 €'000	2006 €'000	2007 €'000	2006 €'000
Property, plant and equipment	-	-	(1,902)	(2,828)
Pension surplus	-	-	(2,192)	(1,734)
Trade payables (including accrued pension)	857	219	-	-
Inventories	-	-	(6,508)	(6,508)
Other	-	-	(620)	(620)
Net tax assets/(liabilities)	857	219	(11,222)	(11,690)

Unrecognised deferred tax assets

The Group had corporation tax losses forward of €1.88bn at 31 December 2006, however given the uncertainty over the availability of these losses, a deferred tax asset has not been recognised (refer to Note 7).

Notes (continued)

forming part of the group financial statements

20 Deferred tax (continued)

Movement in temporary differences during 2007

	Opening Balance	Recognised in Income	Recognised in Equity	Closing Balance
Property, plant and equipment	(2,828)	926	-	(1,902)
Pension surplus	(1,734)	-	(458)	(2,192)
Trade payables (including accrued pension)	219	638	-	857
Inventories	(6,508)	-	-	(6,508)
Other	(620)	-	-	(620)
	(11,471)	1,564	(458)	(10,365)

Movement in temporary differences during 2006

	Opening Balance	Recognised in Income	Recognised in Equity	Closing Balance
Property, plant and equipment	(3,675)	847	-	(2,828)
Pension surplus	(407)	-	(1,327)	(1,734)
Trade payables (including accrued pension)	-	219	-	219
Inventories	(6,768)	260	-	(6,508)
Other	(231)	(389)	-	(620)
	(11,081)	937	(1,327)	(11,471)

RTÉ

Recognised deferred tax assets and liabilities

	Assets Net		(Liabilities) Net	
	2007 €'000	2006 €'000	2007 €'000	2006 €'000
Property, plant and equipment	-	-	(313)	(1,367)
Pension surplus	-	-	(2,192)	(1,734)
Trade payables (including accrued pension)	857	219	-	-
Inventories	-	-	(6,422)	(6,422)
Other	-	-	(355)	(355)
Net tax assets/(liabilities)	857	219	(9,282)	(9,878)

Unrecognised deferred tax assets

The Company had corporation tax losses forward of €1.88 billion at 31 December 2006, however given the uncertainty over the availability of these losses, a deferred tax asset has not been recognised (refer to Note 7).

Movement in temporary differences during 2007

	Opening Balance	Recognised in Income	Recognised in Equity	Closing Balance
Property, plant and equipment	(1,367)	1,054	-	(313)
Pension surplus	(1,734)	-	(458)	(2,192)
Trade payables (including accrued pension)	219	638	-	857
Inventories	(6,422)	-	-	(6,422)
Other	(355)	-	-	(355)
	(9,659)	1,692	(458)	(8,425)

Movement in temporary differences during 2006

	Opening Balance	Recognised in Income	Recognised in Equity	Closing Balance
Property, plant and equipment	(1,766)	399	-	(1,367)
Pension surplus	(407)	-	(1,327)	(1,734)
Trade payables (including accrued pension)	-	219	-	219
Inventories	(6,695)	273	-	(6,422)
Other	(298)	(57)	-	(355)
	(9,166)	834	(1,327)	(9,659)

21 Financial instruments (Group and RTÉ)

(a) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing risk.

The RTÉ Authority has overall responsibility for the establishment and oversight of the Group's risk management framework and 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 risk and counterparty credit risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and deposit investments.

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.

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 which 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.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. RTÉ's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's policy is to invest excess cash, primarily term deposit accounts, spread over a number of institutions.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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 in US dollar and Sterling.

RTÉ's policy is to have the majority of its committed principal foreign currency exposures commercially hedged at the beginning of each financial year by entering into US dollar and Sterling forward contracts. All forward contracts have a maturity date of less than 12 months from the balance sheet date.

RTÉ decides whether to apply hedge accounting to its derivative financial instruments on a transaction by transaction basis. Hedge accounting has not been applied to any of the Group's derivative financial instruments at 31 December 2007 or 31 December 2006.

Notes (continued)

forming part of the group financial statements

21 Financial instruments (continued)

(b) Credit risk

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	Carrying amount	
		2007 €'000	2006 €'000
Forward exchange contracts		-	80
Trade receivables	12	64,721	59,238
Cash and cash equivalents	13	16,730	11,870
Liquid investments	14	73,405	69,433

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Carrying amount	
	2007 €'000	2006 €'000
Ireland	61,000	56,603
United Kingdom	3,660	2,628
Other Regions	61	7

All other financial assets are held with counterparties in Ireland.

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Carrying amount		
	2007 €'000	2006 €'000	
Non agency debtors	15,823	13,123	
Other debtors - agency	48,898	46,115	
Trade receivables	12	64,721	59,238

An agency debtor represents an advertising agent or agency, being a person, firm or company which selects or books advertising space on behalf of the advertiser.

The Group's most significant debtor, an Irish company, accounts for €6.6 million (10%) of the trade receivables carrying amount at 31 December 2007 (2006: €4.9 million).

(ii) Impairment losses

The aging of trade receivables at the reporting date was:

	Gross 2007 €'000	Impairment 2007 €'000	Gross 2006 €'000	Impairment 2006 €'000
	Not past due	33,201	-	30,752
Past due 0-30 days	29,605	-	27,137	132
Past due 31-120 days	1,847	-	1,501	257
More than one year	4,239	4,171	4,209	3,965
	68,892	4,171	63,599	4,361

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2007 €'000	2006 €'000
Balance at 1 January	4,361	4,463
Impairment loss recognised	(81)	(165)
(Decrease)/increase in bad debt provision	(109)	63
Balance at 31 December	4,171	4,361

The impairment loss at 31 December 2007 of €4.2 million (2006: €4.4 million) relates primarily to amounts owing from the DSFA in respect of Licence Fee income recognised in 2004. Negotiations have been ongoing since 2005 between DCENR an DSFA to reach agreement on the balance due to RTÉ.

21 Financial instruments (continued)**(c) Liquidity risk**

The following are the contractual maturities of financial liabilities:

31 December 2007

	Carrying Amount €'000	Contractual cash flows €'000	6 mths or less €'000	6-12 mths €'000
Non-derivative financial liabilities				
Trade and other payables	70,055	70,055	70,055	-
Derivative financial liabilities				
Forward exchange contracts:				
Outflow	984	17,193	9,819	7,374
	71,039	87,248	79,874	7,374

31 December 2006

	Carrying Amount €'000	Contractual cash flows €'000	6 mths or less €'000	6-12 mths €'000
Non-derivative financial liabilities				
Trade and other payables	70,987	70,987	70,987	-
Derivative financial liabilities				
Forward exchange contracts:				
Outflow	261	11,030	7,127	3,903
	71,248	82,017	78,114	3,903

(d) Currency risk**(i) Exposure to currency risk**

The functional currency of all Group entities is euro.

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. The currencies that give rise to this risk are dollars and sterling.

The group primarily uses forward exchange contracts to hedge its currency risk. Changes in the fair value of forward foreign exchange contracts are recognised in the income statement. The fair value of forward exchange contracts is based on their listed market price.

At 31 December 2007 the fair value of forward contracts was €984,000 (2006: €261,000).

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2007 Euro	2006 Euro	2007 Euro	2006 Euro
USD 1	1.3082	1.2477	1.4721	1.3170
GBP 1	0.68611	0.6857	0.73335	0.6715

(ii) Sensitivity analysis

In managing currency risks, the Group aims to reduce the impact of short term fluctuations on the Group's earnings. Foreign currency forward purchase contracts are used by the Group to reduce volatility arising from these foreign currency exposures. As a result the Group has no significant exposures to movements in foreign exchange rates.

Notes (continued)

forming part of the group financial statements

21 Financial instruments (continued)

(e) Fair values

(i) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31 December 2007		31 December 2006	
	Carrying amount €'000	Fair value €'000	Carrying amount €'000	Fair value €'000
Trade receivables	64,721	64,721	59,238	59,238
Cash and cash equivalents	16,730	16,730	11,870	11,870
Liquid investments	73,405	73,405	69,433	69,433
Forward exchange contracts:				
Assets	-	-	80	80
Liabilities	(984)	(984)	(261)	(261)
Trade and other payables	(70,055)	(70,055)	(70,987)	(70,987)

(ii) Interest rates used for determining fair value

All derivative financial instruments at 31 December 2007 and 31 December 2006 had a maturity of less than 12 months from the balance sheet date and therefore the net present value of the derivative financial instruments have not been discounted in determining their fair value.

22 Financial commitments and contingencies

(a) Capital commitments

	Group		RTÉ	
	2007 €'000	2006 €'000	2007 €'000	2006 €'000
Contracted but not provided for	1,928	1,318	837	510
Authorised but not contracted for	3,284	3,435	2,852	3,211
	5,212	4,753	3,689	3,721

(b) Programme/rights purchase commitments

	Group		RTÉ	
	2007 €'000	2006 €'000	2007 €'000	2006 €'000
Contracted but not provided for	43,140	54,976	43,140	54,976

(c) Operating lease commitments

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

	Group		RTÉ	
	2007 €'000	2006 €'000	2007 €'000	2006 €'000
Within one year	101	96	73	34
Within two to five years	45	143	41	76
	146	239	114	110

23 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 Government.

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, Energy and Natural Resources.

For the purposes of the disclosure requirements of IAS 24 the term "key management personnel" (i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the company) comprises the RTÉ Authority, the Director General, the Heads of the Integrated Business Divisions and of the principal corporate functions, including all of the team reporting directly to the Director General. The total amount of remuneration paid to key management personnel was €4.428 million (2006 €4.368 million) the majority of which comprises short term employee benefits.

At 31 December 2007, the total payables to RTÉ subsidiary undertakings was €40.19 million (2006: €65.72 million).

24 Transition to IFRS on first-time adoption

Up to and including 31 December 2006, the Group prepared its financial statements in accordance with generally accepted accounting practices in Ireland however during 2007 opted to prepare its accounts in conformity with IFRS as endorsed by the EU. The following is a summary of the principal changes on transition to IFRS:

Overview

It is a requirement that the first IFRS financial statements include full comparative information for the year ended 31 December 2006. The date of transition to IFRS for all standards, is 1 January 2006, being the start of the comparative period in the Group's first financial statements. The standards which gave rise to the most significant changes to the consolidated results of the Group on transition to IFRS were as follows:

IFRS 3 *Business Combinations*
 IAS 2 *Inventories*
 IAS 12 *Income Taxes*
 IAS 19 *Employee Benefits*
 IAS 32 *Financial Instruments: Disclosure and Presentation*
 IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*
 IAS 38 *Intangible Assets* and
 IAS 39 *Financial Instruments: Recognition and Measurement*.

Optional exemptions availed of on transition to IFRS

IFRS 1 sets out the procedures that the Group must follow when adopting IFRS for the first time as the basis for preparing its consolidated financial statements. This statement permits a number of optional exemptions for the general principle of retrospective restatement and the Group elected to avail of the following exemption:

(i) Property, plant and equipment

The Group retained its existing carrying value of occupied properties, plant and equipment at 1 January 2006 as deemed cost rather than reverting to historical cost or carrying out a valuation at the date of transition as permitted by IFRS 1.

Impact of transition to IFRS

Detailed reconciliations from Irish GAAP to IFRS of the Group's financial performance and financial position together with note explanations of the principal changes are contained in the following pages.

There were no significant differences between IFRS and previous GAAP on the Group and RTÉ cash flow statement and statement of total recognised gains and losses.

Notes (continued)

forming part of the group financial statements

Group Income Statement

for the year ended 31 December 2006

	Adjustments under IFRS								Group Total
	Previous Irish GAAP	Programme inventories (i)	Minor spare parts (ii)	Intangible assets (iii)	Employee benefits (iv)	Derivative financial instruments (v)	Bad debt provision (vi)	Deferred Tax (vii)	
All figures in thousands									
Revenue	405,021								405,021
Operating costs	(402,793)	(2,076)	57	1,368	(57)	(262)	103		(403,660)
Surplus before financing and tax	2,228	(2,076)	57	1,368	(57)	(262)	103		1,361
Finance income	2,392								2,392
Finance expense	(354)				(334)	(539)			(1,227)
Net defined benefit pension related finance income	14,485								14,485
Surplus before income tax	18,751	(2,076)	57	1,368	(391)	(801)	103		17,011
Income tax credit	-							937	937
Surplus for the year after tax	18,751	(2,076)	57	1,368	(391)	(801)	103	937	17,948

- (i) Recognition of programme inventories in accordance with IAS 2 *Inventories*. Under previous GAAP, expenditure on programmes was expensed as incurred. Adjustments to prepayments and accruals were required as part of this transition.
- (ii) Recognition of minor spare parts in accordance with IAS 2 *Inventories*. Under previous GAAP, expenditure on minor spare parts was expensed as incurred.
- (iii) Recognition of computer software as intangible assets under IAS 38 *Intangible Assets*. Under previous GAAP, expenditure on computer software was either capitalised as a tangible fixed asset or expensed as incurred depending on its nature. An adjustment to accruals was required as part of this transition.
- (iv) Reclassification of employee related liabilities and adjustment to reflect the use of a corporate bond yield of approximate duration to discount the restructuring provision in accordance with IAS 19 *Employee Benefits*. Previously, a cash rate had been used to discount the provision.
- (v) Adjustment to reflect the fair value movement of derivative financial instruments in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* and to adjust foreign payables to the spot rate in accordance with IAS 21 *The effects of changes in foreign currency rates*.
- (vi) Adjustment to the bad debt provision in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.
- (vii) Recognition of deferred tax in accordance with IAS 12 *Income Taxes*. Deferred tax in respect of the defined benefit pension scheme has been recognised in equity in accordance with IAS 19 *Employee Benefits*.

Group Balance Sheet

at 31 December 2006

All figures in thousands	Adjustments under IFRS												Group Total
	Previous Irish GAAP	Discontinued operation	IFRS adjustments at the transition date	Programme inventories (i)	Minor spare parts (ii)	Intangible assets (iii)	Employee benefits (iv)	Derivative financial instruments (v)	Bad debt provision (vi)	Deferred Tax (vii)	Liquid investment (viii)	Provisions (ix)	
Assets													
Non-current assets													
Property, plant and equipment	90,123	(9,502)	(574)			(35)							80,012
Intangible assets	-		2,491			855							3,346
Pension asset	13,872												13,872
Other receivables	1,589												1,589
	105,584	(9,502)	1,917	-	-	820	-	-	-	-	-	-	98,819
Current assets													
Inventories	-		44,294	(2,898)	57								41,453
Trade and other receivables	67,522	(4,755)	10,471	(1,458)					103				71,883
Derivative financial instruments	-		368					(288)					80
Liquid investments	-		46,268								23,165		69,433
Cash and cash equivalents	81,346	(43)	(46,268)								(23,165)		11,870
	148,868	(4,798)	55,133	(4,356)	57	-	-	(288)	103	-	-	-	194,719
Liabilities													
Current liabilities													
Trade and other payables	(93,494)	1,523	13,828	2,281		546	3,948	(262)				643	(70,987)
Taxation and social welfare	(10,681)	236											(10,445)
Derivative financial instruments	-		(11)					(250)					(261)
Employee benefits	-		(15,100)				(3,461)						(18,561)
Provisions	-		(4,771)									(643)	(5,414)
	(104,175)	1,759	(6,054)	2,281	-	546	487	(512)	-	-	-	-	(105,668)
Non-current liabilities													
Provisions	(21,326)		26,994				(5,668)						-
Capital grants and grants-in-aid	(12,541)	12,541											-
Employee benefits	-		(20,119)				4,790						(15,329)
Deferred tax liabilities	-		(11,081)							(390)			(11,471)
	(33,867)	12,541	(4,206)	-	-	-	(878)	-	-	(390)	-	-	(26,800)
Net assets	116,410	-	46,790	(2,075)	57	1,366	(391)	(800)	103	(390)	-	-	161,070
Reserves													
Retained earnings	(116,410)	-	(46,790)	2,075	(57)	(1,366)	391	800	(103)	390	-	-	(161,070)
	(116,410)	-	(46,790)	2,075	(57)	(1,366)	391	800	(103)	390	-	-	(161,070)

- (i) Recognition of programme inventories in accordance with IAS 2 *Inventories*. Under previous GAAP, expenditure on programmes was expensed as incurred. Adjustments to prepayments and accruals were required as part of this transition.
- (ii) Recognition of minor spare parts in accordance with IAS 2 *Inventories*. Under previous GAAP, expenditure on minor spare parts was expensed as incurred.
- (iii) Recognition of computer software as intangible assets under IAS 38 *Intangible Assets*. Under previous GAAP, expenditure on computer software was either capitalised as a tangible fixed asset or expensed as incurred depending on its nature. An adjustment to accruals was required as part of this transition.
- (iv) Reclassification of employee related liabilities and adjustment to reflect the use of a corporate bond yield of approximate duration to discount the restructuring provision in accordance with IAS 19 *Employee Benefits*. Previously, a cash rate had been used to discount the provision.
- (v) Adjustment to reflect the fair value movement of derivative financial instruments in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* and to adjust foreign payables to the spot rate in accordance with IAS 21 *The effects of changes in foreign currency rates*.
- (vi) Adjustment to the bad debt provision in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.
- (vii) Recognition of deferred tax in accordance with IAS 12 *Income Taxes*. Deferred tax in respect of the defined benefit pension scheme has been recognised in equity in accordance with IAS 19 *Employee Benefits*.
- (viii) Reclassification of term deposits with a maturity date of greater than three months from the date of acquisition to liquid investments in accordance with the definition of cash and cash equivalents in IAS 7 *Cash Flow Statements*.
- (ix) Reclassification of certain liabilities in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Notes (continued)

forming part of the group financial statements

Group Transition Balance Sheet

at 1 January 2006

All figures in thousands	Adjustments under IFRS										Group Total
	Previous Irish GAAP	Programme inventories (i)	Minor spare parts (ii)	Intangible assets (iii)	Employee benefits (iv)	Derivative financial instruments (v)	Bad debt provision (vi)	Deferred Tax (vii)	Liquid investments (viii)	Provisions (ix)	
Assets											
Non-current assets											
Property, plant and equipment	91,690			(574)							91,116
Intangible assets	-			2,491							2,491
Pension asset	3,253										3,253
Other receivables	2,200										2,200
	97,143	-	-	1,917	-	-	-	-	-	-	99,060
Current assets											
Inventories	-	43,731	563								44,294
Trade and other receivables	60,231	9,020					1,451				70,702
Derivative financial instruments						368					368
Liquid investments								46,268			46,268
Cash and cash equivalents	67,737							(46,268)			21,469
	127,968	52,751	563	-	-	368	1,451	-	-	-	183,101
Liabilities											
Current liabilities											
Trade and other payables	(79,680)	833		(1,167)	9,431	(40)				4,771	(65,852)
Taxation and social welfare	(9,520)										(9,520)
Derivative financial instruments						(11)					(11)
Employee benefits	-				(15,100)						(15,100)
Provisions										(4,771)	(4,771)
	(89,200)	833	-	(1,167)	(5,669)	(51)	-	-	-	-	(95,254)
Non-current liabilities											
Provisions	(26,994)				26,994						-
Capital grants and grants-in-aid	(13,370)										(13,370)
Employee benefits	-				(20,119)						(20,119)
Deferred tax liabilities	-							(11,081)			(11,081)
	(40,364)	-	-	-	6,875	-	-	(11,081)	-	-	(44,570)
Net assets	95,547	53,584	563	750	1,206	317	1,451	(11,081)	-	-	142,337
Reserves											
Retained earnings	(95,547)	(53,584)	(563)	(750)	(1,206)	(317)	(1,451)	11,081	-	-	(142,337)
	(95,547)	(53,584)	(563)	(750)	(1,206)	(317)	(1,451)	11,081	-	-	(142,337)

- (i) Recognition of programme inventories in accordance with IAS 2 *Inventories*. Under previous GAAP, expenditure on programmes was expensed as incurred. Adjustments to prepayments and accruals were required as part of this transition.
- (ii) Recognition of minor spare parts in accordance with IAS 2 *Inventories*. Under previous GAAP, expenditure on minor spare parts was expensed as incurred.
- (iii) Recognition of computer software as intangible assets under IAS 38 *Intangible Assets*. Under previous GAAP, expenditure on computer software was either capitalised as a tangible fixed asset or expensed as incurred depending on its nature. An adjustment to accruals was required as part of this transition.
- (iv) Reclassification of employee related liabilities and adjustment to reflect the use of a corporate bond yield of approximate duration to discount the restructuring provision in accordance with IAS 19 *Employee Benefits*. Previously, a cash rate had been used to discount the provision.
- (v) Adjustment to reflect the fair value movement of derivative financial instruments in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* and to adjust foreign payables to the spot rate in accordance with IAS 21 *The effects of changes in foreign currency rates*.
- (vi) Adjustment to the bad debt provision in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.
- (vii) Recognition of deferred tax in accordance with IAS 12 *Income Taxes*. Deferred tax in respect of the defined benefit pension scheme has been recognised in equity in accordance with IAS 19 *Employee Benefits*.
- (viii) Reclassification of term deposits with a maturity date of greater than three months from the date of acquisition to liquid investments in accordance with the definition of cash and cash equivalents in IAS 7 *Cash Flow Statements*.
- (ix) Reclassification of certain liabilities in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

25 Approval of financial statements

The members of the Authority approved the financial statements on 13 March 2008.

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 is provided by RTÉ.

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

The Council held four meetings during 2007, the September meeting having had to be cancelled due to lack of a quorum. Uncertainty about a quorum has been an ongoing difficulty over the lifetime of the Council and will be addressed for any future Council.

Paul Kinsella was elected unopposed as Chairman at the January meeting. During the year two members resigned from the Council: Rev Alan McCormack (Irish Council of Churches) and Oliver Donohue (ICTU). Due to a change in the composition of the RTÉ Authority Programme Sub-Committee during 2007, Ian Malcolm replaced Maria Killian as the ex-officio member on the Council.

A delegation from the Audience Council met with the Authority Programme Sub-Committee in March.

The current term of office of the Council was due to end in December 2007. Throughout 2007 the future of the Audience Council was discussed in depth by the Council itself and with the Director-General, including its role and the importance of continuity to ensure the wealth of experience and knowledge built up was not lost. In the absence of clarity re the status of any future Council and pending the proposed broadcasting legislation to be introduced by the Minister for Communications, Energy and Natural Resources in early 2008, the RTÉ Authority decided at its November meeting to recommend to the Minister that the term of office of the current Council be extended for one year, having earlier established that the Council members would be willing to serve for this further year. The Council at its meeting in November prepared a Final Report and Recommendations for the Future which the Authority considered at its November meeting and agreed to adopt insofar as is practicable (Its life span was extended by one year by the Minister).

The Chairman of the Council, along with the RTÉ Group Secretary and Secretary to the Audience Council, met with the Regional Trustee/Chairman of the BBCNI Audience Council and Head of Governance & Accountability BBCNI in October. Under the BBC Charter, the BBC Trust had been established in January 2007 and new Audience Councils for each region appointed. Therefore, it had not been possible to hold a joint meeting during 2007 but it was agreed that efforts should be made to hold a joint meeting early in 2008 once the future of the RTÉ Audience Council had been clarified.

The Council received comprehensive briefings on the procedures in place to ensure balance coming up to and during the General Election campaign, including the establishment of the Election Steering Group. The Council conducted an in depth review at its June meeting, which was attended by the Director-General, and congratulated RTÉ on its superb coverage.

Topics discussed with RTÉ executives included Interculturalism; Corporate Responsibility (including the Road Safety DVD which the Council agreed was an excellent initiative); the activities of the RTÉ Performing Groups; the role of the RTÉ Authority; Arts Programming. There was continued concern about the mispronunciation of place names; certain items discussed on *Liveline*; some aspects of RTÉ's coverage of crime and lack of coverage of minority sports. Other topics discussed throughout the year included RTÉ's relationship with the AA; advertising (with particular reference to publicity surrounding one from Trocaire); the revised Radio schedules; St Patrick's Day coverage; European Parliament Report and the RTÉ All Ireland Drama Festival.

Charter (continued)

STATEMENT OF COMMITMENTS

In the first quarter of the year, RTÉ published its *Statement of Commitments 2007*. This document was circulated widely and was placed on RTÉ.ie, where it remained for the year. The statement detailed quantitative commitments in relation to corporate and output activities that are independently assessed annually on behalf of the Minister for Communications, Energy and Natural Resources.

Corporate Commitments

Following the publication of RTÉ's *Strategic Corporate Plan, 2006 – 2010* in March 2006 a second iteration will be published in 2007. This document, which is monitored on an ongoing basis by the Executive and the Authority, is helping to ensure strategic ongoing planning across the organisation.

Prepare a short version of the 2nd iteration of the *Strategic Corporate Plan, 2006 – 2010* for distribution to the general public.

Continue to work with the Department of Communications, Energy and Natural Resources and the Oireachtas Joint Committee on Communications, Energy and Natural Resources, on the development of broadcasting legislation.

The Authority adopted the *Corporate Responsibility* report in 2006; it was then published and widely disseminated. The second edition will be developed and published during 2007.

Pilot an Irish language translation service as part of being in a position to meet fully all the requirements of the *Official Language Act* once it is applied to RTÉ.

Engage in the development and production of Masterbrand advertising with a view to having implementation start by end Q1 2007.

With a view to enhancing RTÉ's interaction with and service to young people in an educational and scientific context enter into a name sponsorship for one of the four categories in the *BT Young Scientist and Technology Exhibition*.

Introduction of a weighted system of monitoring election coverage on RTÉ Radio and Television to provide a more sophisticated and accurate measurement of RTÉ's election coverage.

Issue a road safety DVD, to all schools doing Transition Year Programmes, based on news coverage of road deaths in 2006.

Results

The second iteration, RTÉ's *Strategic Corporate Plan, 2007 – 2011*, was published in summer 2007 and contains a commitment that the third iteration will be published by end 2008.

This was prepared and was circulated with the RTÉ Guide and is available on RTÉ.ie.

This has continued, but with a General Election in 2007 there has been a low level of activity. It is anticipated that the Bill will be published during the first half of 2008.

The second edition was published in Q3 of 2007.

The service used proved extremely successful and has been contracted again for 2008.

Implementation started in Q3 2007 rather than Q1 2007. Brand tracking has shown the TV campaign was very successful – the Radio element less so. We have now moved into stage 2 of the Masterbrand advertising strategy.

This was achieved and RTE has entered into a 3-year sponsorship agreement of the Social and Behavioural category of the competition. The 1st year participation proved very successful for both RTÉ and the competition.

This was achieved, across the 2007 General Election, and the system fulfilled the stated aims; there was a very significant reduction in complaints from political parties and from independents.

Achieved. A copy of the DVD was sent to all second-level schools in Ireland, Teacher Centres around the country, Transition Year Support Centres and Youth Reach and Foróige centres. RTÉ provided schools with a list of suggested ways the Road Safety DVD could be applied in their classrooms.

RTÉ Radio

RTÉ Radio 1 Commitments

Results

Regional focus:

- Regional Focus (cross genre) – 10 hours
- Outside Broadcasts – 32 hours
- Special Events Coverage ex Regions – 15 hours
- Local Government – local Government series

Commitment exceeded by 120%
 Commitment exceeded by 94%
 Commitment exceeded by 27%
 Commitment achieved

Sport:

- Expand coverage of National Football & Hurling leagues to include live coverage of all Division 1 & 2 games in both codes
- Introduce 2 female reporters for GAA coverage
- Live coverage of Heineken Cup rugby
- Full coverage of the European Indoor Athletics in March & World Athletics Championships in August

Commitments achieved

News & Current Affairs - 1,228 hours

Commitment 97% achieved

Multicultural Society (Cross Genre) - 30 hours

Commitment exceeded by 42%

History (Factual) - 11 hours

Commitment achieved

Music – 24 hours: full coverage of major music festivals in Ireland (20 hours) and host / support EBU folk festival (4 hours)

Commitment exceeded by 25%

Irish Language Programmes:

- Develop a new bi-lingual music programme featuring contemporary Irish Music - 40 hours
- Develop a new News review in Irish - 20 hours
- Create a new Irish Language Arts portraits series - 20 hours
- Celebrate the 400th anniversary of the Flight of the Earls - 1 hour
- Celebrate the 400th anniversary of The Irish College in Louvain - 1 hour

Commitment exceeded by 19%

Commitment not achieved - cancelled
 Commitment postponed to 2008

Commitment achieved

Commitment achieved

Young Peoples - 4 hours

Commitment exceeded by 50%

RTÉ 2fm Commitments

Results

Student Access:

- Examination focus - 9 hours
- Radio programmes by transition year students - 6 hours
- 24 one-day workshops

Commitment exceeded by 44%
 Commitment achieved
 Commitment achieved

New & original music production:

- 2 major festivals
- 40 sessions
- 45 hours

Commitment achieved
 Commitment achieved
 Commitment exceeded by 540%

EBU:

- 25 offerings

84 offerings achieved. Commitment exceeded by 236%

Charter (continued)

RTÉ Radio (continued)

RTÉ 2fm Commitments (continued)

Regional (cross genre) - 180 hours

Results

Commitment exceeded by 249%

Sports - 50 hours

Commitment exceeded by 6%

Alternative music - 400 hours

Commitment exceeded by 21%

News and Current Affairs - 370 hours

Commitment 98% achieved

Factual - 30 hours

20 hours of factual output achieved

Talent Development - 40 hours

790 hours - commitment exceeded by 1,875%

RTÉ Raidió na Gaeltachta Commitments

Results

Drama - 10 hours

Commitment achieved

Factual - 50.5 hours

Commitment exceeded by 9%

Young Peoples (Children's & Education) - 72 hours

Commitment achieved

Regional (cross genre) - 137 hours

Commitment exceeded by 2%

News and Current Affairs - 890 hours

Commitment exceeded by 1%

RTÉ lyric fm Commitments

Results

Education and Outreach - 45 visits to schools and 3rd level institutions

Commitment achieved

Regional Music and Arts - 185 Outside Broadcasts (OBs)

Commitment exceeded by 7%

Speech commissions (factual & arts) - 13 hours

Commitment exceeded by 8%

News - 170 hours

Commitment exceeded by 4%

EBU:

40 offers to
300 offers from

Commitment 95% achieved
Commitment exceeded by 13%

RTÉ Television

RTÉ One Peak Time Commitments

	Results
Drama - 125 hours	Commitment exceeded by 7%
Factual - 377 hours	Commitment exceeded by 2%
Entertainment & Music - 247 hours	Commitment exceeded by 14%
News & Current Affairs and Weather - 588 hours	Commitment exceeded by 2%

RTÉ Two Peak Time

	Results
Drama - 30 hours	Commitment exceeded by 3%
News & Current Affairs and Weather - 80 hours	Target missed by 12.5% due to <i>News on Two</i> being scheduled outside peak time
Entertainment and Music - 112 hours	Commitment achieved
Factual - 45 hours	Commitment exceeded by 9%

RTÉ Television across both channels, all times

	Results
Young Peoples - 788 hours	Commitment exceeded by 8%
Sport – 652 hours	Commitment exceeded by 24%
Subtitling 6,320 hours	Commitment exceeded by 9%
News & Current Affairs and Weather - 1,170 hours	Commitment exceeded by 5%

Archive Programming

New series on RTÉ One:

- <i>Disasters</i> - 8 part series	Commitment achieved
- <i>Homefront</i> - 6 part series	Commitment achieved
- <i>War Stories Series 2</i> - 8 part series on Irish participation in the Korean War and in the Congo.	Commitment achieved

15 hours of restored series:

- <i>I Live Here</i> x 6 half hours	Commitment achieved
- <i>Breathing Spaces</i> x 6 half hours	Commitment achieved
- <i>Summer Pride</i> (GAA) x 12 half hours	Commitment achieved
- A.N. Other (untitled) series x 6	Commitment achieved
- 3 hours Ad Hoc & Christmas	Commitment achieved

Charter (continued)

RTÉ Television (continued)

RTÉ Television across both channels, all times (continued)

	Results
Event Programming	
- <i>Playboy of the Western World – Riots Centenary Theme Night</i> . RTÉ Two	Commitment achieved
- <i>Test the Nation</i> – RTÉ One – a major television event of challenging fun for all the family	Commitment achieved
- <i>RTÉ People in Need Telethon 2007</i> - a major television event, supported by RTÉ Radio, the RTÉ Guide, and RTÉ Online	Commitment achieved
- The star studded <i>Irish Film and Television Awards</i> preview show on RTÉ Two, the glittering awards ceremony on RTÉ One and a high-lights (and low-lights) look back at the event late night on RTÉ Two	Commitment achieved
- In <i>The Den</i> , a new 5-part teenage activity series for broadcast during mid-term	Commitment achieved
- For the New Year holidays – a new series of <i>The Memoriser</i>	Commitment achieved
- A new transition year series for broadcast during mid-term	Commitment achieved
- One-off New Years Day humorous news review programme for young people	Commitment achieved

RTE PUBLISHING

RTÉ Guide Commitments

Continue to provide an engaging weekly magazine that exceeds audience requirements.

Results

Commitment achieved and ongoing.

Bring the *RTÉ Guide* brand to new audiences on the web, with an extensive, service-driven rteguide.ie website and through multimedia projects.

Commitment achieved. Launched rteguide.ie in September 2007.

e-Publishing Commitments

Enhance the experience of existing RTÉ.ie users and appeal to new users, with a fresh design that showcases our services in a comprehensive, dynamic and straightforward manner.

Results

Commitment achieved. Launched redesigned RTÉ.ie site in February 2007; the new Performing Groups website in March; redesigned Young People's website in September 2007 and News in October 2007.

Deliver more RTÉ content on mobile and broadband platforms in News, Sport and Entertainment.

Commitment achieved.

- Live News launched March 2007
- Mobile Entertainment TV launched May 2007
- Live Six Nations Rugby in February - March 2007
- GAA Championship, May - September 2007
- Live Mobile News launched October 2007
- Budget Speech streamed live on RTÉ.ie.

Grow the current Online audience by increasing the number of monthly unique users by at least 15%.

Commitment achieved. Grew year-on-year unique users by 42% (October 2007 versus October 2006) Source: *ABC Electronic, Electronic Media Audits Limited*

RTÉ PUBLISHING (continued)**e-Publishing Commitments** (continued)**Results**

Grow the amount of content available on demand via new devices, such as iPods.

Commitment achieved.

Grew the number of available audio and video podcast titles to 75 (465k individual podcast downloads in October).
Source: *RTÉ data, October 2007*

- Launched mobile TV channels: Entertainment in May 2007 and News in October 2007
- Launched both RTÉ Aertel on mobile and SMS alerts in May 2007
- Provided highlights of GAA championships for download to mobile
- Bespoke *Fair City* content delivered as Podcasts.

Maintain and grow the availability of Aertel as a popular information service on teletext, the internet and mobile.

Commitment achieved and ongoing.

Maintaining significant audience on analogue. Growing usage Online. New mobile audience harnessed as a result of service launch in June 2007. Digitext service launched on DTT pilot commencing December 2007. All supported by cross-platform advertising campaign.

Provide a service to the diaspora with timely and comprehensive home news on RTÉ.ie.

Commitment achieved.

Live and on demand RTÉ News, current affairs programmes and key events such as St. Patrick's Day Parade, Rose of Tralee, Election coverage, Irish Professional Boxing and the Eircom League.

Pilot Digital teletext on available digital platforms.

Commitment achieved.

Aertel Digital Teletext service launched on Irish DTT Pilot in December 2007.

Use innovative technologies to promote audience interaction and communications between TV and radio programmes and their viewers and listeners.

Commitment achieved.

- Introduced a dedicated unique text comment short code system to all RTÉ radio stations to simplify audience interaction.
- Introduced a number of new services to RTÉ Television and News programmes including freetext information service to *Crimecall*, live text comment service during the General Election Leaders Debate and a live text comment service during the *Six One News* Road Safety Special.
- RTÉ breaking news alerts were also launched.
- The *Test the Nation* show allowed viewer audience to play along with the studio audience.

Anticipate and meet changing audience behaviour by providing RTÉ content in multimedia formats.

Commitment achieved and ongoing.

The following are the major new multimedia outputs provided during 2007:

- Live News - March 2007
- Mobile Entertainment loop - May 2007
- Aertel Mobile - June 2007
- GAA Streaming - May- Sept 2007
- News Service on Mobile - October 2007

Charter (continued)

RTÉ PERFORMING GROUPS

Commitments

RTÉ Performing Groups will give a total of 195 public performances. These performances will include:

- RTÉ National Symphony Orchestra (RTÉ NSO) – 64 performances

Results

Commitment achieved

- RTÉ NSO with the RTÉ Philharmonic Choir – 3 performances

Commitment achieved

- RTÉ Concert Orchestra (RTÉ CO) – 77 performances

Commitment exceeded by 4%

- RTÉ Vanbrugh Quartet – 30 performances

Commitment achieved

- RTÉ Cór na nÓg – 9 performances

7 performances achieved

- Guest ensembles – 6 performances

Commitment exceeded – 7 performances achieved

- The RTÉ Performing Groups will also engage in a total of 84 education-related performances, workshops and talks and be involved in Television, Radio and recordings

Commitment exceeded by 14%

IRISH LANGUAGE COMMITMENTS

Commitments

Results

NEWS AND CURRENT AFFAIRS

- Ensure all Irish speakers are interviewed in Irish where possible on all services.

Delivered on *Nuacht* programmes on RTÉ One, RTÉ Radio 1, RTÉ 2fm, RTÉ lyric fm and RTÉ Nuacht service for TG4. Some interviews in Irish on *Morning Ireland* and on other programmes during *Seachtain na Gaeilge*.

- Any recruitment of journalists/news reporters taking place in 2007 will ensure a certain number with competence in the Irish language

All *Nuacht* recruits

- *Nuacht Pobail* – the community broadcasting initiative to be brought to another region in Ireland for June Bank Holiday weekend broadcast – a special *Pobal programme* presented from and by a local community.

A selection process was completed in 2007, but due to difficulties in completing arrangements with the selected community it was not possible to deliver.

- Introduce greater bilingualism in News and *Nuacht* bulletins, and bilingualism will be developed on *Pobal* every week

Pobal continues to be a bilingual programme

IRISH LANGUAGE COMMITMENTS (continued)

Commitments
Results
PUBLISHING

- Redesign the RTÉ Radió na Gaeltachta website to improve the service to audiences at home and abroad.

Commitment achieved.
Redesign implemented in February 2007.

- Aggregate Irish language output across all services on a common portal to include audio/video content such as *Nuacht*, *Pobal* etc.

In progress. Pilot site to launch text, live and on demand audio/video by year end.

- *RTÉ Guide*: One Irish language column per week.

Commitment achieved.

RTÉ PERFORMING GROUPS

- RTÉ Performing Groups & RTÉ Raidió na Gaeltachta will explore and develop proposals for Irish language presentation of live and/or broadcast music programming, appropriate to RTÉ Raidió na Gaeltachta schedules and audiences, and featuring RTÉ Performing Groups.

In progress. The Executive Director RTÉ Performing Groups and the Ceannasaí RTÉ Raidió na Gaeltachta met to consider ways of systematically disseminating recordings of works in the Irish language and to ensure, in particular, that these works are made available for transmission on RTÉ Raidió na Gaeltachta. Actions agreed for implementation include a studio recording of Irish language settings performed by RTÉ Cór na nÓg in the 2007/2008 season, along with initiatives for improved liaison in general between the RTÉ Performing Groups, RTÉ lyric fm and RTÉ Raidió na Gaeltachta.

- RTÉ Cór na nÓg will feature Irish language song settings in its live and/or broadcast output.

Cór na nÓg performed works in Irish at the Navan Arts Centre Concert; Amnesty International Carol Service; Annual Carol Service, St Anne's Church, Dawson Street, Dublin 2 and a concert in the National Gallery of Ireland.

They also performed works in Irish at St Patrick's Day Press Launch, Dublin Castle and National Children's Day event in Children's Ombudsman's Office.

RTÉ RADIO
RTÉ Radio 1:

- 12 additional hours of Irish language programming to be broadcast in 2007

RTÉ Radio 1 delivered in excess of 12 hours of extra Irish language programming in 2007. This was achieved with the introduction of a 52 week schedule of Programmes in Irish on Saturday nights, combined with substantial use of Irish in our music output throughout the year (weekly *Rolling Wave* strand).

- Presenters with Irish to be encouraged to use Irish throughout their shows in a natural way

We have encouraged the use of Irish in our mainstream programmes. Ronan Collins uses Irish regularly and embraces *Nuacht* as part of his show – as does Derek Mooney. In his role as stand-in presenter on *Mooney*, Aonghus McAnally peppered the show with Irish. Irish is integral to programmes such as *South Wind Blows* and *Céilí House*.

- In the event of the recruitment of producers in 2007, ensure a certain number have competence in the Irish language

No new producers were recruited during 2007. A number of producers have been identified internally who have the competence to make Irish Language programmes. Their skills range across a variety of programme genres and we hope to organise a "Meitheal Oibre" in 2008 to explore new programme concepts.

RTÉ 2fm:

- Identify one DJ who would be comfortable presenting bilingually

RTÉ 2fm currently has one presenter who is comfortable presenting bilingually – Evelyn O'Rourke.

Charter (continued)

IRISH LANGUAGE COMMITMENTS (continued)

Commitments

RTÉ RADIO (continued)

RTÉ lyric fm:

- 13 additional hours of Irish language programming to be broadcast in 2007

RTÉ Raidió na Gaeltachta:

- Multi-cultural music strand, presented in Irish, aimed at new communities settling in this country
- Provide the *RTÉ Guide* with one dedicated Irish Language feature per week
- Develop the content on the RTÉ Raidió na Gaeltachta website

Results

Achieved 7 additional hours of Irish Language Programming with *Ag Rince le Ceol* - a new series in Irish in which guest presenters chose their favourite pieces of music. The full target was not achieved due to schedule changes.

Thar Tír Isteach went to air in February 2007 and is presented from Belfast by Éamonn Ó Catháin. The programme has concentrated specifically on the music of the 'New Irish' communities and has received positive critical and audience response and was re-commissioned in 2008.

A weekly feature was provided by RTÉ Raidió na Gaeltachta to the *RTÉ Guide* throughout 2007. The features related to scheduled programming, thematic treatments of Raidió na Gaeltachta output and highlighted the work of selected personalities and presenters.

During 2007 both textual and audio content of the RTÉ Raidió na Gaeltachta website was constantly renewed with a new emphasis on programme webpages and a significant extension of our podcasting service.

RTÉ TELEVISION

RTÉ One:

- Commitment to building our Irish language output and content during Seachtain na Gaeilge

Níos Gaelaí was the centre piece of RTÉ's 2007 programming for Seachtain na Gaeilge. This was a newly commissioned series to mark this important annual event, and drew on the talents of presenter Bob Kelly, well known from the popular RTÉ series *No Place Like Home*. The series explored the concept of Irishness with our new populations and was well received.

Later in the year, poet Nuala Ní Dhomhnaill was profiled as part of the new *Arts Lives* series, an hour-long documentary on one of Ireland's best-known Irish language poets.

- Television commits to repeating *Turas Teanga* in 2007

In the light of a planned new initiative both in production and in language learning in 2008, it was decided that the repeat of *Turas Teanga* would have a greater impact in 2008, in particular in association with the new programming initiative *In the Name of the Fada*. As *Turas Teanga* was a language course aimed at learners with some proficiency, it will be of more use to viewers and users when the new 2008 series has been transmitted.

RTÉ Two:

- *The Den* has a policy of using quite a lot of Irish across its content, with a particular emphasis on the pre-school content, where songs and stories regularly integrate Irish words in a naturalistic way. Television IBD commits to continuing this policy and Young Peoples will continue to look at ways of ensuring its successful integration into its output. In particular, the major focus on Irish during Seachtain na Gaeilge will be replicated in 2007.

This policy continued to be applied throughout 2007. In addition, *Fluffy Gardens*, a 7 minute cartoon commissioned from Monster Animation was commissioned in both English and Irish language versions. The Irish language version of the full series (40 episodes) was received in September 2007 and has been played twice in *Den Tots* between September and December 2007 adding approximately 550 minutes of Irish language programming to Young Peoples Programming schedule.

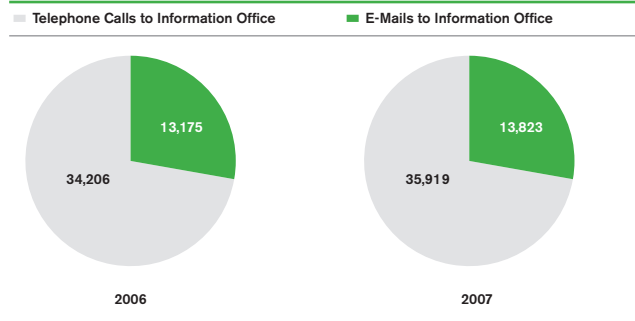
UNIVERSAL ACCESS TO SERVICES

The upgrading by RTÉNL of small community broadcast systems continued in 2007. Within the RTÉNL Self Help/Community Systems Project for 2007, a number of old self help sites or community broadcast systems were improved to an acceptable maintenance and safety standard and were added to the RTÉNL official site list. The 2007 project focused on ten sites and of these nine were complete and commissioned into service. At a site in Fallmore, Co. Mayo access issues have prevented progress. As a carry over from 2006 Mossy Glen, Co. Donegal was also commissioned and completed in early 2007.

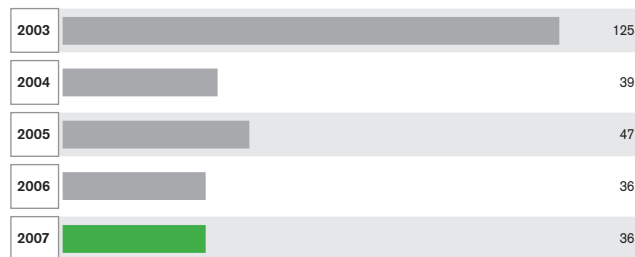
Leenane, Co. Galway
Ballycastle, Co. Mayo
Clifden Glen, Co. Galway
Glengad, Co. Donegal
Glanlea, Co. Kerry
Glean na Gealt, Co. Kerry
Feohanagh, Co. Kerry
Liscarrigane, Co. Cork
Ballyandereen, Co. Cork
Mossy Glen, Co. Donegal
Fallmore, Co. Mayo access issues preventing progress

Other Statistical Information

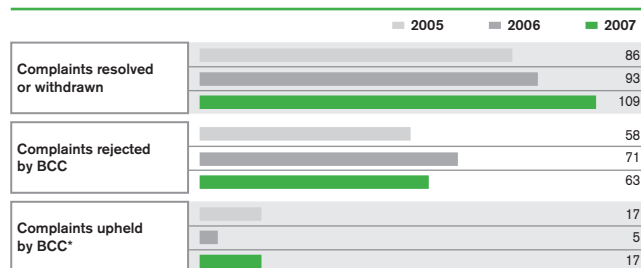
RTÉ Information Unit - enquiries handled



Freedom of Information requests to RTÉ



BCC adjudications of complaints about RTÉ output



* In 2007, eight complaints were upheld against three Radio programmes and six complaints were upheld against four Television programmes. A further three complaints were upheld against advertisements/internal promotions broadcast on RTÉ.

There were, in addition, 25 complaints concerning Taste and Decency in the first three months of 2007 which could not be adjudicated on by the BCC, prior to the implementation of a new *Code of Programming Standards* (in April 2007).

RTÉ Awards 2007

Competition	Entry	Category
Boston Irish Film Festival	The Front Line	Best Feature
British Irish Film Festival	Small Engine Repair	Audience Award: Best Actor - Steven MacKintosh
Business to Arts	Anglo-Irish Bank and RTÉ NSO Sponsorship	Highly Commended in Best Ongoing Collaboration Category
Business to Arts	RTÉ and the Gate Theatre Sponsorship	Highly Commended in Best Ongoing Collaboration Category
Cannes Film Festival	Garage	Art and Essai Category
Celebrity Mum of the Year	Mary Kennedy	Woman's Way Readers' Award
Celtic Media Festival 2007	Máirtín Ó Cadhain: Rí an Fhocail	Arts Documentary
Celtic Media Festival 2007	Prime Time Investigates: Sex Traffic	Current Affairs
Celtic Media Festival 2007	The Unusual Inventions of Henry Cavendish	First Time Director Award
Celtic Media Festival 2007	The Unusual Inventions of Henry Cavendish	Short Drama
Chambers Ireland CSR Awards	Road Safety DVD	Best Community Based Project, Large Indigenous Company
Chicago International Film Festival	Little Brazil, Gort, Ireland	Gold Award
Columbus International Film Festival	Little Brazil, Gort, Ireland	Bronze Medal
Dublin Film Critics' Circle	Garage	Best Irish Film of 2007
EBU Connect	Claire Mould	Best Promotion On-Air
EBU Connect	Donna Byrne	Best Season Promotion
EBU Connect	Derek Ryan	Best Use of Music
EBU Connect	Gaye Maguire	Best Design Piece
Emden Film Festival	The Front Line	Best Feature Film
European Festival of Religious Progs.	Last Judgement: Celibacy	Best Documentary. Competed against 14 countries.
Festival Cinessonne	Garage	Grand Prix
Festival Cinessonne	Garage	Prix des Étudiants
Festival du Film de Châtenay-Malabry	Garage	Prix du Jury
Hope and Dreams Festival	The Legend of Liam Clancy	Best Documentary
Hope and Dreams Festival	Little Brazil, Gort, Ireland	Best Programme on Hope and Dream theme
INPUT International TV Conference	Hide and Seek	Best 100 international PSB programmes out of 2000 entries
INPUT International TV Conference	Managing the Universe	Best 100 international PSB programmes out of 2000 entries
INPUT International TV Conference	In Search Of The Pope's Children	Best 100 international PSB programmes out of 2000 entries
Inspired IT	General Election 2007	Business Services Category
Inspired IT	Mobile TV	Telecoms and Media Category runner-up
Institute of Designers of Ireland	Hidden History graphics by Michael McKeon	Film/TV/Theatre Design Category
Institute of Designers of Ireland	Blaisíní Beatha graphics by Stephen McDéivitt	Highly Commended
Institute of Designers of Ireland	The Sunday Game graphics by Nigel McGuinness	Highly Commended
Institute of Designers of Ireland	Basketball graphics by Aidan Dunne	Highly Commended
Institute of Designers of Ireland	Late Late Show graphics by Darragh Treacy	Highly Commended
International Film Festival Bratislava	Garage	Jury Commendation
Irish Film and Television Awards	Gary Lydon: The Clinic	Best Actor Supporting Role
Irish Film and Television Awards	Ger Ryan: Stardust	Best Actress Lead Role
Irish Film and Television Awards	Ruth Bradley: Stardust	Best Actress Supporting Role
Irish Film and Television Awards	Prime Time Investigates: Sex Traffic	Best Current Affairs/News
Irish Film and Television Awards	The Legend of Liam Clancy	Best Documentary Series
Irish Film and Television Awards	The Clinic	Best Drama Series/Soap
Irish Film and Television Awards	Stephen O'Connell: Stardust	Best Editing Film/TV Drama
Irish Film and Television Awards	Naked Camera	Best Entertainment
Irish Film and Television Awards	In Search Of The Pope's Children	Best Factual Entertainment
Irish Film and Television Awards	Máirtín Ó Cadhain: Rí an Fhocail	Best Irish Language
Irish Film and Television Awards	Flann O'Brien: The Lives of Brian	Best Single Documentary
Irish Film and Television Awards	Stardust	Best Single Drama/Serial
Irish Film and Television Awards	Micheál: The Sound of Sunday	Best Sports Feature
Irish Film and Television Awards	Bill O'Herlihy	TV Personality of the Year
Irish Medical Media Awards	360 Degrees	Broadcast Television Media Award
Irish Medical Media Awards	Tonight with Vincent Browne - Neary	Broadcast Radio Media Award
Irish Post	The Irish Experience	Outstanding Contribution to the Irish Community Award
Justice Media Awards	Road Safety Campaign: Newsroom	Overall News Broadcast Category Winner
Justice Media Awards	On the Balance of Probabilities	Broadcast Court Reporting Award
Justice Media Awards	Prime Time	Broadcast Programme Award
Justice Media Awards	Making Them Pay	Certificate Award TV Features and Documentaries
Mediamixx International Festival	Fair City	Best Soap
Mediamixx International Festival	Frank Opinion	Best News
Mediamixx International Festival	www.rte.ie	Best Technical Achievement in a Website

Other Statistical Information (continued)

RTÉ Awards 2007 (continued)

Competition	Entry	Category
Meteor Ireland Music Awards	Larry Gogan, RTÉ 2fm	Industry Award
Milanodoc International Festival	Michael Scott - A Changing Man	Best Editing
Monte-Carlo Comedy Film Festival	Garage	Best Actor: Pat Shortt
Net Visionary Awards	Aertel Mobile	Mobile Internet Category
New York Festivals Radio Awards	The Woman in the Window	Silver Medal
New York Festivals Radio Awards	ABC RTÉ lyric fm music series	Bronze Medal
New York Festivals Radio Awards	We've got your picture now what's your name?	Finalist Certificate: Profiles/Community Portraits
New York Internet, Film and Video Festival	Return to Chernobyl	Best Political Documentary
NUI Galway Alumni Award	Seán O'Rourke, News and Current Affairs	Literature, Arts, Communications
NUI Galway Alumni Award	Mairéad Ní Nuadháin, Commissioning Editor, RTÉ	Irish Language
PPI Awards	Today With Pat Kenny	Best Current Affairs Programme
PPI Awards	Des Cahill	Sports Broadcaster of the Year
PPI Awards	Ryder Cup on Radio 1	Best Sports Coverage
PPI Awards	Philip Boucher-Hayes	News Broadcaster of the Year
PPI Awards	Mind Matters	Best Specialist Speech Programme
Prix Danube	On The Block	Documentary Feature
Prix Europa	Mayday	Best Radio Drama
PROMAX EUROPE	Stardust Promo: Donna Byrne	World Silver: Best News Programme Promotion
PROMAX EUROPE	Sports: Shared Moments: Dave Berry	World Silver: Original Score For A Promotion
PROMAX USA World Gold Awards	World Cup 2006 Dave Berry	World Gold: Best Sports Programme Promotion
PROMAX USA World Gold Awards	Made for TV Promotions	World Silver: Best Use of Music In A Promotion
PROMAX USA World Gold Awards	RTÉ Guide Promotion: Gaye Maguire	World Bronze: Best Consumer Promotion
PROMAX USA World Gold Awards	Christmas Premieres: Ivan Fitzpatrick	World Bronze: Best Music Package
PROMOS EBU Connect	RTÉ Guide	Best Design
RTÉ Guide Style Award	Miriam O'Callaghan	Voted for by RTÉ Guide readers
Salerno International Film Festival	The Front Line	Best Feature Film
Sharks International Ad/Promos	Sports: GAA Launch, Liz Ivory	Best Sports Feature
Sharks International Ad/Promos	Director: GAA Launch, Liz Ivory	Best Director
Sharks International Ad/Promos	Entertainment: The Den, Nigel Gordon	Best Entertainment
Sharks International Ad/Promos	Entertainment: The Best From The U.S., Claire Mould	Best Entertainment
Sharks International Ad/Promos	Humour: The Panel	Best Humour
Sharks International Ad/Promos	Campaign: RTÉ Two Idents, Derek Ryan	Best Campaign
Sharks International Ad/Promos	Campaign: Show Me The Money, Martina Larkin	Best Campaign
Sundance Film Festival	Once	World Cinema Audience Award, Drama Category
Torino International Film Festival, Italy	Garage	Best Feature Film
TV Now Awards	Lucy Kennedy	Best Irish Female Presenter
TV Now Awards	The Hospice	Favourite Documentary
TV Now Awards	Rough Diamond	Favourite Drama Series
TV Now Awards	Podge and Rodge	Favourite Irish TV Show
TV Now Awards	Ryan Tubridy	Favourite Male TV Presenter
TV Now Awards	Laura Woods	VIP Style Award
UCD Business School Award	The Business - John Murray	Business Journalist Award
Western Development Commission	Scandal of water quality in 21st century	National TV/Radio
Worldfest Film Festival, Houston	Little Brazil, Gort, Ireland	Silver Medal

Financial History

	IFRS 2007 €'000	IFRS 2006 €'000	Irish GAAP 2005 €'000	Irish GAAP 2004 €'000	Irish GAAP 2003 €'000
INCOME STATEMENT					
Television Licence Fees	195,699	182,835	170,131	166,164	157,425
Commercial income	245,453	222,186	199,757	176,718	155,247
Total revenue	441,152	405,021	369,888	342,882	312,672
Operating costs	(430,189)	(403,660)	(366,764)	(337,231)	(310,650)
Surplus before financing and tax	10,963	1,361	3,124	5,651	2,022
Finance income	3,970	2,392	1,597	1,160	1,055
Finance expense	(1,534)	(1,227)	(445)	(571)	(816)
Net defined benefit pension related finance income	16,184	14,485	12,185	15,730	See note 1
Surplus before income tax	29,583	17,011	16,461	21,970	2,261
Tax	(3,154)	937	-	(3,266)	-
Surplus for the year after tax	26,429	17,948	16,461	18,704	2,261
BALANCE SHEET					
Non-current and current assets					
Property, plant and equipment	79,096	80,012	91,690	93,643	118,019
Intangible assets	4,515	3,346	-	-	-
Financial assets	-	-	-	1,615	1,615
Pension asset	17,535	13,872	3,253	3,217	51,546
Inventories	44,387	41,453	-	-	-
Other assets	175,922	154,855	130,168	119,515	87,405
Total assets	321,455	293,538	225,111	217,990	258,585
Non-current and current liabilities					
Employee benefits - restructuring provision	17,439	20,510	26,994	33,589	42,792
Deferred tax liabilities	10,365	11,471	-	-	-
Capital grants	-	-	13,370	14,663	16,081
Other liabilities	112,922	100,487	89,200	83,512	71,962
Total liabilities	140,726	132,468	129,564	131,764	130,835
Equity	180,729	161,070	95,547	86,226	127,750
Total equity and liabilities	321,455	293,538	225,111	217,990	258,585
CASH FLOW					
Net cash generated from operating activities	31,224	25,611	20,690	30,821	24,842
Net cash flow from (acquisition)/disposal of property, plant, equipment and intangible assets	(22,689)	(13,583)	(10,710)	7,022	(10,013)
EMPLOYEE HEADCOUNT					
Establishment before regularisations	1,994	1,970	1,926	1,820	1,712
Retrospective estimate of staff previously engaged as contractors	313	313	313	313	313
RTÉ (excl. TG4)	2,307	2,283	2,239	2,133	2,025
TG4	-	-	107	110	110
Total at 31 December	2,307	2,283	2,346	2,243	2,135

¹ Operating costs and surplus before financing and tax are calculated above on the basis set out prior to FRS 17.