

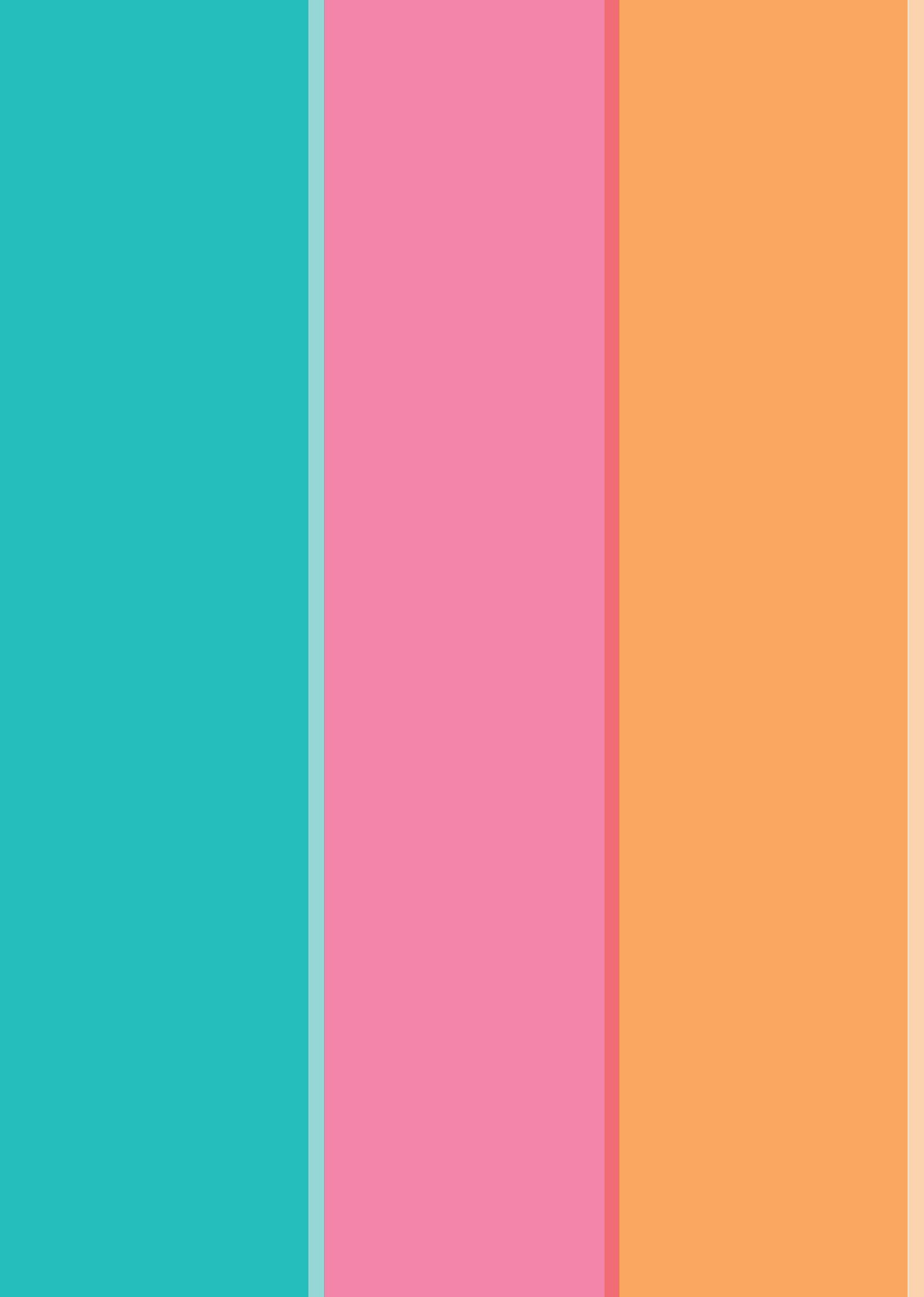


# RTE

today, tomorrow, together >

Annual Report & Group Financial Statements 2012





# Contents

Highlights	3
What we Do	4
Organisation Structure	5
Chairman's Statement	6
Director-General's Review	8
Financial Review	12
Operational Review	20
Board	66
Executive	68
Corporate Governance	70
Board Members' Report	75
Statement of Board Members' Responsibilities	76
Independent Auditor's Report	77
Financial Statements	78
Accounting Policies	85
Notes forming part of the Group Financial Statements	90
Other Reporting Requirements	127
Other Statistical Information	142
Financial History	143

Raidió Teilifís Éireann Board  
52nd Annual Report and Group  
Financial Statements for the 12 months  
ended 31 December 2012, presented  
to the Minister for Communications,  
Energy and Natural Resources  
pursuant to section 109 and 110 of the  
*Broadcasting Act 2009*.

Is féidir leagan Gaeilge den  
Tuarascáil a íoslódáil ó  
[www.rte.ie/about/ie/policies-and-reports/annual-reports/](http://www.rte.ie/about/ie/policies-and-reports/annual-reports/)

**2012** Annual Report &  
Group Financial Statements

## VISION

RTÉ'S VISION IS TO ENRICH IRISH LIFE; TO INFORM, ENTERTAIN AND CHALLENGE; TO CONNECT WITH THE LIVES OF ALL THE PEOPLE.

Throughout 2012, RTÉ's Director-General set out in a number of key public statements a new vision for RTÉ. In turn this has led to a revised Vision, Mission and Values statement for RTÉ.

## MISSION

- DELIVER THE MOST TRUSTED, INDEPENDENT, IRISH NEWS SERVICE, ACCURATE AND IMPARTIAL, FOR THE CONNECTED AGE
- PROVIDE THE BROADEST RANGE OF VALUE FOR MONEY, QUALITY CONTENT AND SERVICES FOR ALL AGES, INTERESTS AND COMMUNITIES
- REFLECT IRELAND'S CULTURAL AND REGIONAL DIVERSITY AND ENABLE ACCESS TO MAJOR EVENTS
- SUPPORT AND NURTURE IRISH PRODUCTION AND IRISH CREATIVE TALENT

## VALUES

- UNDERSTAND OUR AUDIENCES AND PUT THEM AT THE HEART OF EVERYTHING WE DO
- BE CREATIVE, INNOVATIVE AND RESOURCEFUL
- BE OPEN, COLLABORATIVE AND FLEXIBLE
- BE RESPONSIBLE, RESPECTFUL, HONEST AND ACCOUNTABLE TO ONE ANOTHER AND TO OUR AUDIENCES

# Highlights

1.

€874 million was raised for the State from the sale of the communication spectrum arising from RTÉ's successful delivery of the digital switchover via Saorview.

2.

More than 2.5 million RTÉ Apps were downloaded in the year to December 2012.

3.

RTÉ Radio 1 was the most listened-to station in Ireland during 2012, with 18 of the top 20 programmes nationally.

4.

19 of the top 20 programmes broadcast on any channel available to Irish viewers in 2012 were on RTÉ Television.

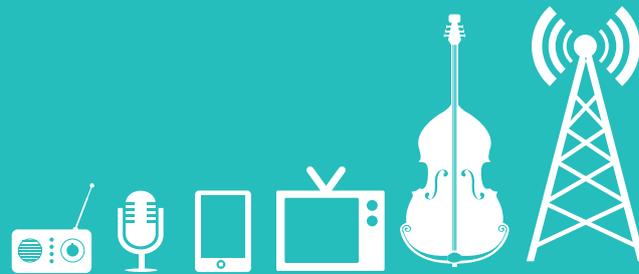
5.

There were 1.6 billion page impressions on RTÉ.ie in 2012, up 16%, with 6% more streams in 2012 than in 2011.

6.

RTÉ has reduced its 2012 cost base by over €100 million since 2008 .

## WHAT WE DO



### RTÉ TELEVISION

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#### RTÉ operates two core free-to-air television channels:

- RTÉ One - the most popular TV channel in Ireland, RTÉ One serves the wider population with high-impact programmes, landmark drama, documentary, factual and entertainment programming, news and current affairs, bringing the country together for key national events.
- RTÉ Two - the home of sport and children & young people's daytime television. RTÉ Two provides distinctive and relevant programming for young people through factual, entertainment, comedy, sports, documentary and acquired drama.

RTÉ operates four new complementary TV channels on the Saorview platform. Those channels are as follows:

- RTÉ Two HD - a simulcast of RTÉ Two and broadcasts key programming from the RTÉ Two schedule in high definition.
- RTÉjr - a dedicated daytime television service for children aged 6 years and younger which is completely free of advertising. RTÉjr is on air from 9 am to 6.30 pm on weekdays and 6 am to 12 pm on Saturdays and Sundays. Home-produced programming is the cornerstone of the RTÉjr schedule, with live action programming and Irish animation featuring strongly.
- RTÉ One+1 - on air from 7pm until late. This channel offers viewers another opportunity to experience the key offerings of RTÉ One, one hour later.
- RTÉ News Now - a rolling news channel with live news bulletins, live current affairs programmes, catch-up on recent news and current affairs, live coverage of special events, breaking news and continuous sport, business and weather updates throughout the day. RTÉ News Now is also available online and as a mobile service on iPhone, iPad and Android.

### RTÉ NEWS & CURRENT AFFAIRS

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

### RTÉ DIGITAL

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RTÉ Digital operates four of Ireland's leading media services:

- RTÉ.ie - the most-popular media website in Ireland delivers RTÉ content to both Irish and international audiences through a first-class user experience and multi-platform, multi-device availability.
- RTÉ Aertel - the leading free-to-air teletext service.
- RTÉ Player – Ireland's leading on-demand television service, giving audiences choice and control to enjoy RTÉ programmes wherever and whenever they choose.
- RTÉ News Now – RTÉ's live/catch-up news service, online, on mobile and on Saorview.

### RTÉ RADIO

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RTÉ Radio operates four primary national stations and seven exclusively digital stations. Primary stations are available on FM, on digital radio, on Saorview, on the RTÉ Radio Player on mobile, tablet and desktop; digital stations are available on digital radio, on Saorview and on the RTÉ Radio Player on mobile, tablet and desktop. RTÉ Radio 1 is also available on LW.

#### Primary Stations

- RTÉ Radio 1 - news and current affairs; arts, drama and documentary strands; entertainment; sport; and general and niche music.
- RTÉ 2fm - innovative programming, popular and alternative music, sport and entertainment.
- RTÉ lyric fm - a unique alternative listening choice for an audience of classical, world music and arts lovers.
- RTÉ Raidió na Gaeltachta - a national Irish-language service that connects listeners to a personalised, authentic Gaeltacht and Irish-language world, with special attention paid to local news and traditional music from Gaeltacht communities.

#### RTÉ Radio - Digital Stations

- RTÉ 2XM - rock and pop for the student generation with an emphasis on new and Irish material.
- RTÉ Radio 1 Extra - the best of international public radio and RTÉ feature archives while offering a catch-up and split-content service for RTÉ Radio 1.
- RTÉjr Radio - the only children's radio station in Ireland; playing music and stories from 7 a.m. to 9 p.m.
- RTÉ Gold - uninterrupted popular music for the over-35s.
- RTÉ Pulse - electronic dance music.

### RTÉ NETWORK

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RTÉNL (RTÉ Transmission Network Limited) 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 telecommunications service providers and operators.

### RTÉ ORCHESTRAS, QUARTET & CHOIRS

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RTÉ is a major contributor to the arts in Ireland, and operates five performing groups which offer music lovers in Ireland high-quality live, broadcast and recorded music:

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

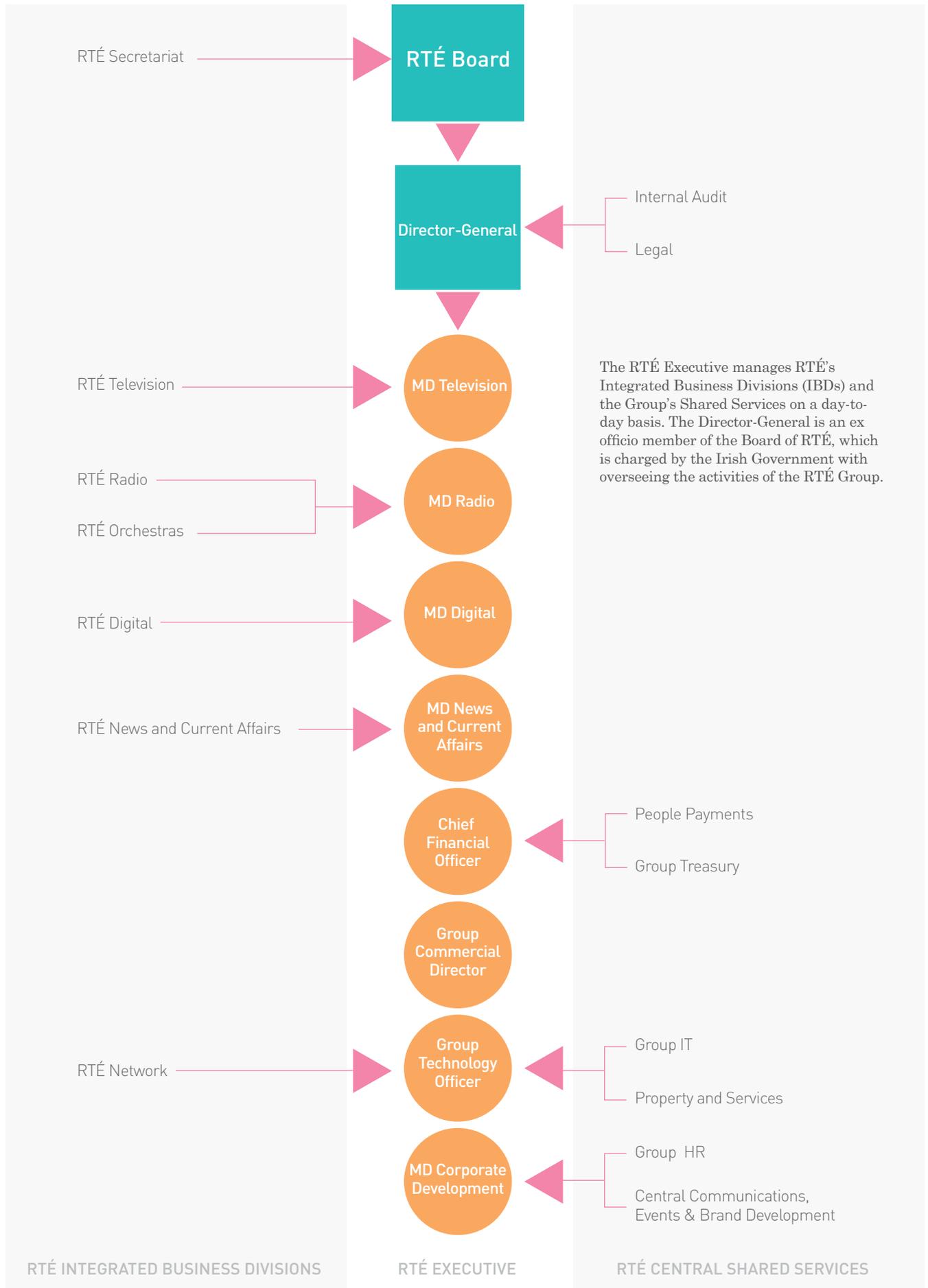
### RTÉ GUIDE

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- The best-selling Irish weekly listings and features magazine

# ORGANISATION STRUCTURE

RTÉ's organisational structure is as follows:



## CHAIRMAN'S STATEMENT



2012 WAS THE YEAR OF TV50, A SERIES OF COMMEMORATIONS AND CELEBRATIONS TO MARK A HALF CENTURY OF RTÉ TELEVISION.

2012 was the year of TV50, a series of commemorations and celebrations to mark a half century of RTÉ Television.

While TV50 was looking back to a proud record of achievement, TV50 also came at a time of restructuring and re-focus for an RTÉ that strove to deliver on its public purpose despite the challenging economic environment. Part of this process was a complete review of RTÉ's responsibilities, operations and interaction with its audiences in a changing society. Rather than remaining attached to the broadcasting models that have served us well in the past, RTÉ is looking into a future in which rapid technological change in particular is constant and in which audiences have to be facilitated on many different platforms. The next five years will see further development of the organisation to address these evolving needs.

Marking the end of one era and the start of another, Analogue Switch-Off took place in October 2012. The switch-off campaign was a major undertaking and proved to be one of the most successful of its kind in Europe in terms of the penetration achieved and the low level of complaints from the public. The success of digital switchover has yielded very significant financial benefits to the Irish exchequer, while at the same time retaining open free access to Ireland's public service and commercial television channels.

Saorview, the country's first free digital television service, was launched by RTÉ to ensure a continuation of that free-to-air reception. By the end of 2012 Saorview had achieved 558,000 customers and was being accessed by 36 per cent of Irish households. This was a huge undertaking for RTÉ and for the Saorview team, who are to be congratulated for a job well done.

The commercial environment for RTÉ, as with the rest of the Irish media, remained challenging. The economy continued to struggle and the station's revenues remained under severe pressure. This environment required RTÉ to tackle its cost base and achieve significant reductions. At the end of 2012 RTÉ reported an Operating Profit (EBITDA) of €2.2 million compared to a negative EBITDA of €2.5 million in 2011. This improvement in Operating Profit reflected a major restructuring

of the organisation, in which cost reductions of €18 million were achieved and 270 people left the organisation. One-off restructuring costs of €46 million formed a large portion of a deficit of €65 million for the year. However, while economic circumstances remain uncertain, it is a slimmer and more efficient RTÉ that faces into the future.

One outcome of these necessary measures has been the departure of many valued and experienced colleagues who have given decades of service to the organisation. I would like to wish each and every one of them the best in their new careers or in some cases in retirement. A significant part of the challenge for RTÉ throughout the last year has been the necessary reorganisation of the station arising from the reduction in numbers.

Editorially, the organisation continued to deal with the consequences of the libel of Fr Kevin Reynolds in the edition of *Prime Time Investigates* of May 2011. An investigation into the programme was launched by the Broadcasting Authority of Ireland (BAI) under Section 53 of the *Broadcasting Act 2009*. The subsequent report by Anna Carragher, the former controller of BBC Northern Ireland, found that RTÉ was in breach of Section 39 of the Act. The BAI imposed a fine of €200,000. In keeping with its commitment to take all steps to restore confidence in its investigative programming, RTÉ moved speedily to implement the report's recommendations as well as those of the report of Professor John Horgan, commissioned by the station itself.

As part of the changes that followed, the Board instigated a review of programme-making culture. There were also a number of departures from key posts in RTÉ News and Current Affairs – notably the retirement of the Managing Director and the re-assignment of the Editor of Current Affairs. Kevin Bakhurst took up the post of Managing Director, RTÉ News and Current Affairs in the autumn, joining RTÉ from the BBC Newsroom. Changed editorial structures in Current Affairs and the replacement of *Prime Time Investigates* with a new Investigative Unit followed. Revised journalist guidelines were introduced and distributed to staff, in particular, new Social Media guidelines were put into practice after the controversy surrounding the *Frontline*

RTÉ RADIO – REPRESENTING RTÉ RADIO 1 AND RTÉ LYRIC FM – WAS AGAIN SUCCESSFUL IN WINNING THE BROADCASTER OF THE YEAR AWARD AT THE NEW YORK FESTIVALS.

Presidential debate of October 2011.

After a year of much internal and external scrutiny, RTÉ's journalism has been re-examined thoroughly and has been re-organised to face future challenges. The organisation remains conscious of its central place in Ireland's media sector. It must continue to play a role in developing that sector and in sustaining creativity outside of RTÉ as much as within.

A number of important national events were covered by RTÉ in 2012. RTÉ Sport had an exceptionally busy year. The UEFA EURO 2012™ Championships were held in Poland and Ukraine and a large number of Irish fans went there to follow the fortunes of the national team. RTÉ covered all aspects of our short campaign. The Olympic Games in London and the triumph of Katie Taylor and our boxers was one of the highlights of the broadcasting year. The Eucharistic Congress was held in Dublin for the first time since 1932 and RTÉ Television, RTÉ Radio, RTÉ Online and Mobile services were there for all the main events.

RTÉ's mobile and internet services experienced continued growth during the year. RTÉ News Now increased its scheduled services and its commitment to covering major events live. As 2012 ended, RTÉ News Now combined with RTÉ One Television to produce a new morning magazine programme, *Morning Edition*, to improve the news service to audiences in Ireland and abroad in the early part of the day.

RTÉ's strategic transformation continued during the year. The establishment of RTÉ Digital under Múirne Laffan has led to a re-organisation of online activities; a Digital Strategy was developed and content-sharing agreements have been reached with a number of external partners. A new Group Commercial Director, Willie O'Reilly, was appointed and has overseen the re-design of commercial operations. A new trading model for RTÉ Television Sales has been introduced. A new Chief Technology Officer, Richard Waghorn, has prepared a Technology Strategy. The future planning for RTÉ's site has been substantially revised in light of changed economic circumstances and reduced resources.

The 50th anniversary of RTÉ Television was marked in a number of ways. Special themed programming on the origins and history of television in this country, use of an extensive range of archive material and a broad discussion on the future of the medium were spread across the year. Much of the material was made available on the RTÉ Player.

RTÉ Radio – representing RTÉ Radio 1 and RTÉ lyric fm – was again successful in winning the Broadcaster of the Year Award at the New York Festivals. This was a remarkable achievement for the station and was matched domestically when RTÉ Radio 1 was named PPI Station of the Year.

The Board of RTÉ met on 13 occasions during the year and there were 21 committee meetings. My thanks go to the members for their strong contribution during the year.

The Audience Council, chaired by Professor Gearóid Ó Tuathaigh, met a number of times during the year and held a joint meeting with the Board in December. The Council is working with the Board to find new ways of keeping RTÉ connected to its audience.

I would like to express my thanks to the Board, the Executive and all employees of the organisation for their support and hard work in another challenging year for RTÉ. The combination of financial pressure and the down-sizing of many areas of the organisation and restructuring of the rest was a difficult one and was only possible due to the commitment of staff to a vision of RTÉ's future.

The extensive changes during 2012 have led to a smaller, restructured RTÉ, one that has begun the task of renewing itself to face the challenge of continuing and rapid change in the Irish media landscape.



TOM SAVAGE  
CHAIRMAN

## DIRECTOR-GENERAL'S REVIEW



BETWEEN 2008 AND 2012, RTÉ'S OPERATING COSTS HAVE REDUCED BY €104 MILLION (24%).

In 2012 RTÉ overcame considerable challenges, delivered for its audiences and set about clearly planning and positioning itself for the future.

### RENEWING RTÉ CURRENT AFFAIRS

Recovering from and implementing important changes in response to very serious editorial mistakes in two current affairs programmes in 2011 was a key priority for RTÉ throughout 2012. Informed by the findings and recommendations from external investigations and reports, RTÉ Television Current Affairs was completely restructured during 2012. The changes were made to ensure greater clarity in the editorial management chain and to allow for an increased focus on journalism and editorial decision-making at the programme level.

To better position RTÉ for the future, as part of the restructuring, we announced we were changing our approach to investigative journalism through the establishment of a new multimedia RTÉ Investigations Unit. In line with RTÉ's broader aims of developing more distinctive, rich multimedia content, the new Investigations Unit will be responsible for managing and producing RTÉ's key investigative journalism output for television, radio and online.

During 2012 RTÉ also made key appointments to the most senior positions within the restructured RTÉ News and Current Affairs division at the levels of: Managing Director, Managing Editor, Programme Editor and Head of the new RTÉ Investigations Unit. At a group-wide level we created a new role of Head of Editorial Standards and set up an Editorial Standards Board to support and challenge programme-makers, particularly those involved in high-risk programming. In addition we completely updated RTÉ's *Journalism Guidelines* during early 2012, and rolled out training for all editorial staff in RTÉ across the year.

There will always be risks and we will of course make mistakes, such is the nature of journalism. Having learned difficult lessons, combined, all of these measures were designed to minimise the risk of serious editorial mistakes happening again while at the same time supporting and nurturing challenging and important current affairs journalism in RTÉ. Many of the changes we have made have already become apparent to our audience with a refreshed multi-format *Prime Time* running three nights a week and a new morning news programme, *Morning Edition*, both beginning in early 2013.

### STABILISING RTÉ'S FINANCES

Over the past five years, like many organisations and businesses in Ireland, RTÉ has had to adjust to a new financial reality. That adjustment continued during 2012 as we made substantial progress to achieving a break-even result in 2013. Overall, and in direct response to the severe contraction in revenues, since late 2008 RTÉ has implemented substantial cost reductions across all areas of its activities, while seeking to protect our programming commitments as much as possible. Between 2008 and 2012, RTÉ's operating costs have reduced by €104 million, i.e. 24%. RTÉ achieved reductions in our operating costs of €18.4 million in 2012.

While the economic climate remains very difficult for domestically focused businesses, RTÉ is now well on the way to stabilising its finances. In 2012, RTÉ reported an Operating Profit (EBITDA) before restructuring charges of €2.2 million. To have done so with income (both commercial revenue and public funding) continuing to decline by €14 million during the year indicates how well we have managed to control and reduce our costs over the period. While many of the cutbacks have been difficult, the focus on cost control has also led to creative solutions such as the development of new partnerships with the Institutes of Technology in different parts of the country to help support our regional services and programming.

## THE FINAL EPISODE OF *LOVE/HATE* PEAKED AT OVER ONE MILLION VIEWERS.

The cost of restructuring RTÉ has been considerable, as is reflected in the significant exceptional once-off charge that we are reporting for 2012. However, as a result of the restructuring at RTÉ during the year, staffing levels will have reduced by 21% since 2008 levels, together with delivering ongoing annual savings in operating costs. The full effect of the restructuring will be felt in 2013 and will bring operating costs for 2013 to almost 30% below their 2008 level, underlining RTÉ's commitment to break-even in 2013.

### DELIVERING FOR AUDIENCES

Notwithstanding the difficult economic and business headwinds facing RTÉ during 2012, it was a year of real standout programming across RTÉ services.

2012 saw RTÉ Television broadcast close to 5,000 hours of high-quality home-produced programming and 19 of the top 20 programmes broadcast on any channel available to Irish viewers in 2012 were on RTÉ Television.

2012 was a huge sporting year. The Olympics in London and the UEFA EURO 2012™ Championships in Poland and Ukraine added significantly to the always busy sporting calendar. From Katie Taylor's extraordinary gold medal fight, to Kilkenny and Donegal's championship successes, to Ireland's difficult UEFA EURO 2012™ campaign - RTÉ delivered comprehensive coverage of all the key sporting moments across the year on all our services.

RTÉ Television drama had registered its biggest ratings and critical success in years with the third series of *Love/Hate* proving to be the television talking point of the year. The final episode of the series was watched by an extraordinary 57% share of the television audience, peaking at over one million viewers. The series was the runaway winner of the most awards in the 2012 Irish

Film & Television Awards (IFTAs), picking up six awards including Best Writer, Best Production, Best Director, Best Actor, Best Actress and Best Supporting Actress. RTÉ Radio continued to be recognised as providing an exceptional service, both at home and abroad, during 2012, winning Station of the Year at the Phonographic Performance Ireland (PPI) Awards and the Celtic Media Festival and Broadcaster of the Year at the 'New York Festivals' for the second year running, competing against the best resourced public service and commercial broadcasters in the world. These awards are an important recognition of the breadth and variety of programming produced everyday for multiple audiences, big and small, across RTÉ Radio's four primary FM and digital radio services. To continue to maintain these services to such a high quality with significantly reduced staff levels and financial resources is an achievement.

RTÉ's digital services also continued to go from strength to strength during 2012. Following an internal restructuring of RTÉ's digital operations during the year, the newly named RTÉ Digital division delivered significant enhancements to a number of RTÉ's key online properties and further developed RTÉ's suite of mobile applications in response to fundamental changes to online consumption patterns. The year also saw exciting new developments for on-demand viewing on big screens with the launch of new RTÉ Player services with cable provider UPC and on smart TVs.

### DIGITAL SWITCHOVER

Analogue Switch-Off (ASO) on 24 October 2012 was an important moment in the evolution of Irish television, when Ireland's free-to-air television service switched to being digital. The switch off was the end of a lengthy switchover process involving a range of stakeholders. From RTÉ's perspective it marked the completion of the single largest capital infrastructure project ever

### THE SUCCESS OF DIGITAL SWITCH-OVER HAS YIELDED VERY SIGNIFICANT BENEFITS TO THE IRISH EXCHEQUER.

undertaken by RTÉ, involving extensive and diverse engineering works in some 70 locations around the country, many of which are in remote and inclement locations in difficult terrain. Importantly, the project was completed on time and on budget.

In addition to RTÉNL building the necessary infrastructure over 2011 and 2012, RTÉ successfully launched the Saorview service and led and part-funded a comprehensive public information campaign informing people across the country about the new service and how to access it. The successful two-year campaign ensured that Ireland experienced one of the smoothest digital switchover transitions of any country in Europe.

### CELEBRATING 50 YEARS AND PLANNING FOR THE FUTURE

RTÉ's TV50 celebrations continued with programming and events throughout 2012. Such anniversaries nearly always prompt reflection and those that fall at times of profound uncertainty, change and challenge perhaps even more so.

So it was for RTÉ in 2012. This important anniversary of Irish television coincided with one of the most turbulent periods in recent history, where the social, political, economic and technological landscape continued to change before our eyes, not just in Ireland but across Europe and beyond.

In this context, I am very conscious that RTÉ, like all organisations, must constantly look to the future and take the steps necessary to ensure that, amid much uncertainty, it continues to be a public good, remain accessible to all, be trusted by and relevant to the everyday lives of Irish people.

As with many traditional media organisations in Ireland and elsewhere, RTÉ is reinventing itself to meet the changing needs and expectations of its audience in the digital age. We spent a considerable amount of time during 2012 developing a comprehensive 5-Year strategy as part of the Multi Annual Review process mandated in the *Broadcasting Act 2009*. We have already begun implementing parts of that strategy.

However it is clear we are tackling fundamental and structural changes in media amid the deepest recession this country has faced in a generation. Ireland's dual-funding public service broadcasting model requires that RTÉ's public service objectives are underpinned by its capacity to generate commercial income to a much greater extent than other European Public Service Media Organisations (PSMs). But due to the economic crisis, RTÉ's commercial income has fallen by 35% since 2008. Licence Fee income has reduced by 10%. While over the same period the cost of RTÉ's public service responsibilities has significantly increased to include the delivery of national digital switchover.

The stark reality is that at precisely the same time that RTÉ's resources have contracted so severely and obligations increased, the fragmenting nature of media consumption is demanding that RTÉ increases investment in high-quality, distinctive, Irish content and key technology to retain its connection with and fully serve its audiences.

## 2013 WILL BRING NEW CHALLENGES NOT JUST TO RTÉ BUT TO THE WHOLE MEDIA SECTOR.

Without action these twin pressures can only lead to a decline in both RTÉ's relevance and commercial viability, not immediately but in the medium term.

Those who will likely gain from this decline are not other Irish-owned media organisations but, in the main, large international media providers who invest little or nothing in Irish-focused content. Much is at risk beyond RTÉ's own future; a viable independent production sector, Irish investigative journalism, significant Irish Television drama, national regional coverage, classical music performance and new works, distinctively Irish programming for children and young people, significant investment in Irish sport and Irish language services. All of these add to Irish life. They are not services or activities sustainable on any scale without a strong and viable RTÉ.

I firmly believe that a diminished RTÉ does not serve any public interest or Irish commercial interest.

During 2012 we stabilised an organisation facing very real financial and editorial challenges while maintaining the breadth and quality of our services. I am very glad to say that RTÉ continues to deliver stand-out programming that retains the interest and loyalty of the public.

2013 will bring new challenges not just to RTÉ but to the whole Irish media sector. Key decisions will be made that will have profound implications on the future potential of RTÉ and the sector. RTÉ will engage robustly in that discussion.

The decline of public service broadcasting is far from inevitable. With a change of approach both in how RTÉ operates, through the implementation of a new focused strategic plan, and clear policy decisions around public funding and media regulation, I believe a different and exciting future is possible.



**NOEL CURRAN**  
DIRECTOR-GENERAL

# FINANCIAL REVIEW

## RESULTS AND OPERATING PROFIT

RTÉ generated a positive EBITDA, i.e. Operating Profit of €2.2 million (2011 negative EBITDA of €2.5 million) despite a continued decline during 2012 in both commercial and licence fee income of €13.7 million compared to 2011. This improvement in Operating Profit was driven by further reductions in Operating Costs of €18.4 million through the company-wide restructuring changes which began to take effect in 2012.

RTÉ reported a Net Deficit for 2012 of €65 million after a large once-off Restructuring Charge of €46 million (2011 Deficit €17 million).

## SUMMARY FINANCIAL HIGHLIGHTS

	2012	2011	CHANGE
	€'m	€'m	€'m
Revenue	337.2	350.9	(13.7)
Operating Costs *	(335.0)	(353.4)	18.4

EBITDA** Before Restructuring Charge	2.2	(2.5)	4.7
Depreciation & Amortisation	(17.5)	(16.1)	(1.4)
Restructuring Charge	(46.2)	-	(46.2)
Net Finance (Expense) / Income & Tax	(3.7)	1.9	(5.6)
<b>Deficit for the Year</b>	<b>(65.2)</b>	<b>(16.7)</b>	<b>(48.5)</b>

\* Operating Costs before depreciation, amortisation and restructuring charge

\*\* EBITDA: Earnings before Interest, Tax, Depreciation and Amortisation

## REVENUE

	2012	2011	CHANGE
	€'m	€'m	€'m
Commercial Revenue	156.3	167.3	(11.0)
Television Licence Revenue	180.9	183.6	(2.7)
	337.2	350.9	(13.7)

## COMMERCIAL REVENUE

In 2012 total commercial revenues of €156 million contracted by a further €11 million (7%) year-on-year notwithstanding increases in digital commercial revenues. In a very challenging economic environment, with increased competition, 2012 proved another challenging year in the media market with marketing spends reduced and continuing pressure on pricing.

	€'m	% CHANGE
Television Advertising & Sponsorship	-8.8	-9%
Radio Advertising & Sponsorship	-2.8	-10%
Digital Advertising & Sponsorship	1.0	8%
Other	-0.4	-1%
<b>Year-on-Year movement</b>	<b>-11.0</b>	<b>-7%</b>
Commercial Revenue 2011	167.3	
Commercial Revenue 2012	156.3	

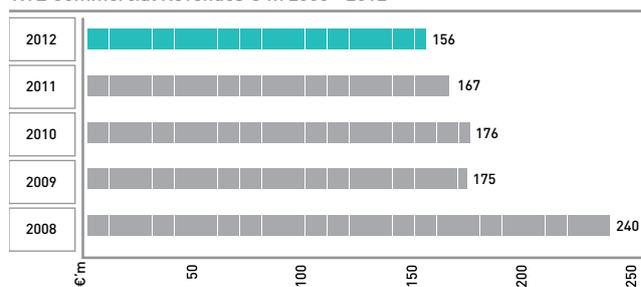
RTÉ Television advertising and sponsorship is the largest source of commercial income and accounted for 58% of all RTÉ Commercial Revenues and it experienced declines of 9% in 2012. In the first half of 2012 revenue performed in line with 2011, but a weak summer followed UEFA EURO 2012™, and revenue declined sharply in the autumn, resulting in a disappointing outturn for the year as a whole.

Total commercial revenue first began to decline in mid 2008 as a direct result of the economic downturn, and over the past

four years has reduced by €84 million, i.e. 35% from their 2008 levels, while RTÉ Television advertising has reduced by over 40% from its peak in 2008.

At €156 million, RTÉ's 2012 commercial revenue has fallen to 2003 revenue levels (€155 million), some nine years ago.

RTÉ Commercial Revenues €'m 2008 - 2012



## TELEVISION LICENCE REVENUE

The Department of Communications, Energy and Natural Resources (DCENR) collects licence fee monies due, both by the Department of Social Protection (DSP) (in respect of 'Free' television licences) and from An Post (the agent for the sale of TV Licences) and then makes a grant-in-aid to RTÉ. Of the €220 million licence fee collected in 2012, €180.9 million was received directly by RTÉ. The section 'How Your TV Licence Fee is Used' outlines how the licence fee is utilised with 79% of total licence fee invested in RTÉ Services and Activities and the remaining 21% on Non-RTÉ Activities.

In 2012, RTÉ received €180.9 million in TV Licence revenue, a reduction of €2.7 million (1.5%) compared to 2011. The reduction in 2012 licence fee was due to increased evasion levels, particularly for September 2012 when ASO occurred, a reduction in household numbers and a continuing challenging economic environment. Evasion levels are estimated by the DCENR at 16% of chargeable domestic households and business premises and are high compared to other European countries. An Post, DCENR and RTÉ continue to work collaboratively to reduce evasion levels and this is a key priority for 2013.

While the 2012 decrease in funding compared to 2011 was relatively modest, taken in context, licence fee received by RTÉ through public funding has declined by some €20 million, i.e. 10% over the last 4 years since 2008, as a result of a number of deductions made from the available pool of funding. These include part-funding of TG4 directly from the licence fee, the BAI Sound and Vision Fund and the cap imposed on the amount of licence fee received by way of 'free licences' from the DSP.

RTÉ Licence Fee Income €'m 2008 - 2012



## OPERATING COSTS

Total 2012 Operating Costs of €335 million were reduced by €18.4 million, i.e. 5%, compared to 2011. This is a significant achievement given 2012 was a major year for Sports programming, including UEFA EURO 2012™ in June and the Olympic Games broadcast from London in late July/August.

	€'m
Personnel Related Operating Costs	(14.6)
Non Personnel Related Operating Costs	(3.8)
<b>Year-on-Year movement</b>	<b>(18.4)</b>
Operating Costs 2011	353.4
Operating Costs 2012	335.0

The implementation of large-scale restructuring throughout 2012 positively impacted on Operating Costs, most particularly in Personnel Related Costs, which reduced by just under €15 million in 2012 due to staff and resourcing reductions under the 2011 and 2012 Early Retirement and Redundancy Facility (ERRF) and Voluntary Severance Facility (VSF) under which 350 people voluntarily left RTÉ during 2011 and 2012, with 270 leaving in 2012 alone.

Since late 2008, in direct response to the severe contraction in revenues, RTÉ has implemented substantial cost reductions across all areas of its activities, while seeking to protect its programming commitments to the greatest extent feasible. Between 2008 and 2012, RTÉ's Operating Costs have reduced by €104 million, i.e. 24%.

RTÉ Operating Costs €'m 2008 - 2012



Despite these levels of cost reduction, RTÉ has endeavoured to protect output as much as possible with modest reductions in the number of television first-run programme hours in peak time and in fact modest increases in radio first-run programme hours.

## INCREASE / DECREASE IN PROGRAMME HOURS

	2012 V 2011	2012 V 2008
Television - Peak Time Indigenous Hours *	-2%	-6%
Radio - All Time Indigenous Hours *	1%	5%

\* First Transmission

Following the major restructuring programme undertaken at RTÉ in 2012, further cost reductions are targeted to be delivered in 2013. In order to break even, a target operating cost level of €314 million has been set for 2013, a reduction of €39 million compared to 2011 levels, with significant reductions targeted in Personnel Related Operating Costs. By the end of 2013, this will bring the overall cost reduction levels to just under 30% compared to 2008 levels.

## RESTRUCTURING CHARGE

In order to return to financial stability and break-even in 2013, and in response to further declines in both commercial and licence fee revenues, RTÉ undertook a major restructuring of the organisation which was targeted to deliver ongoing annual sustainable savings to RTÉ. A wide-ranging strategic review was undertaken in late 2011 / early 2012 which encompassed all aspects of RTÉ's activities. These projects identified areas of organisational change and cost reductions which were targeted to deliver ongoing annual savings from 2012 onwards. Given that personnel related operating costs (PROC) are in the order of 50% of RTÉ's cost base and significant cost reductions had already been made from non personnel related operating costs, a significant focus of the restructuring was on PROCs. A key element of the RTÉ restructuring programme was the 2011 and 2012 ERRF and VSF under which 350 people voluntarily left RTÉ during 2011 and 2012, with 270 in 2012 alone. RTÉ's 2012 Operating Costs have already reduced by €18.4 million, as compared with 2011, of which €14.6 million was from (PROC). The full effect of the restructuring will be seen from a further reduced cost base in 2013.

The overall cost of the restructuring which occurred in 2012 was €46.2 million and is charged to the RTÉ Income Statement during 2012 in accordance with IAS 19 *Employee Benefits*. The elements of the restructuring charge include the cost of the benefits provided to individuals leaving, pension reimbursement to the RTÉ Superannuation Scheme to ensure no additional financial strain to the scheme arising from departures, professional fees and services relating to restructuring activities and infrastructural costs relating to RTÉ's presence in the regions. As a result of the restructuring at RTÉ during 2012, staffing levels have reduced by 21% since 2008 levels.

## EMPLOYEE NUMBERS

At 31 December 2012 there were 1,858 (2011: 2,093) employees of which 267 (2011: 300) were part-time / casual. This 11% reduction in employee numbers during 2012 reflected departures arising under the Early Retirement & Redundancy Facility and Voluntary Severance Schemes.

In the past four years, RTÉ has reduced headcount by 493 people, i.e. 21%, from 2,351 as at 31 December 2008. At 1,858 employees, this means that direct employment by RTÉ has now been reduced to the level broadly prevailing at the end of 2002.

## NET FINANCE (EXPENSE)/ INCOME

Total Net Finance Expense for 2012 amounts to €3.7 million (2011 Net Finance Income: €2.4 million).

The expense in 2012 of €3.7 million is due to three main factors:

- Net interest costs of €1.0 million in 2012 (net interest income of €0.7 million arose in 2011);
- A fair value loss arising on derivative FX forward contracts (US Dollar and Sterling) of €1.4 million (a gain of €1.5 million arose in 2011); and
- A net interest cost of €1.3 million in respect of the IAS 19 pension liability (a gain of €0.2 million arose in 2011).

## TAXATION

There was a minor tax credit of €0.043 million which arose in 2012 due to an over provision in the prior period (2011 tax charge of €0.56 million).

## FINANCIAL REVIEW (CONTINUED)

### CASH FLOW

Total cash resources (including liquid resources) at 31 December 2012 amounted to €37.1 million (2011: €60.7 million). The movement in cash balances can be summarised for 2012 as follows:

#### Summary Cash Flow Statement

	2012 €'m	2011 €'m
<b>EBITDA before restructuring charge</b>	2	(3)
Operating Cash flows - Working Capital	-	(4)
Restructuring Cash flows - Payments	(24)	(10)
Investing Activities - Capital Expenditure	(15)	(23)
Financing Cash flows		
- Borrowings	15	38
- Movement in Sinking Fund Account	(1)	(2)
- Net interest (paid) / received	(1)	2
	<u>13</u>	<u>38</u>
<b>Net decrease in Cash including liquid resources</b>	<b>(24)</b>	<b>(2)</b>

Mindful of the economic pressures experienced from 2008 onwards, there has been a particular increased focus on cash management and funding. This remained a critical financial management priority in 2012, with a view to ensuring that adequate cash flow was available at all times to protect the organisation's viability. RTÉ's banking arrangements and facilities are also very important to the organisation, together with managing the related covenants and reviewing adequacy of facilities. This focus on funding remains a key priority.

At 31 December 2012, RTÉ had bank borrowings of €53.25 million (€38.25 million as at 31 December 2011) comprised of:

- RTÉNL, RTÉ's transmission subsidiary, entered into a project finance loan facility agreement with Barclays Bank amounting to €38.25 million as part of the funding for the transmission and distribution infrastructure required for the Digital Terrestrial Television (DTT) project. This facility was drawn down in full at the end of 2011 and is outstanding at 31 December 2012.
- The Bank of Ireland loan facility of €15 million was drawn down on 31 July 2012 and is repayable over a 5 year period.

### FINANCIAL RISK MANAGEMENT

The Board of RTÉ sets the treasury policies of the Group, which include cash management, interest rate risk, foreign exchange risk, liquidity risk and counterparty credit risk. These are set out in Note 22 to the financial statements.

### CAPITAL EXPENDITURE

RTÉ's total capital expenditure in 2012 was €14.5 million (2011: €24.6 million), with the most significant item being an additional €5.4 million incurred in respect of DTT infrastructure. This brings the overall expenditure incurred by RTÉ in respect of transmission and distribution infrastructure by RTÉNL for DTT to €60 million.

### DTT INFRASTRUCTURE AND SAORVIEW

RTÉNL completed the essential transmission and distribution infrastructure necessary for Digital Terrestrial Television (DTT) and enabled RTÉ to fulfil its statutory obligations in relation to the introduction of the new DTT Saorview service and in relation to the switch-off of Analogue Terrestrial Television (ATT), which happened on 24 October. In addition to completing the infrastructure that made free-to-air digital television, Saorview, available to in excess of 98% of the population, RTÉNL also implemented a Free-To-Air satellite solution for Ireland called Saorsat.

For the first time in the history of the state every home in the state has the Irish Public Service Broadcast television and radio services available to them on a Free-To-Air basis.

This was the single largest capital infrastructure project ever undertaken by RTÉ and has involved extensive and diverse engineering works in some 70 locations around the country, many of which are in remote and inclement locations in difficult terrain. The project was completed on time and on budget.

In addition to RTÉNL building the necessary infrastructure, over 2011 and 2012, RTÉ successfully launched the Saorview service and has led and part funded a comprehensive public information campaign informing people across the country about the new service and how to access it. The campaign very successfully engaged the public and even though there was a relative short simulcast period, Ireland had an extremely smooth Analogue Switch-Off in October 2012. In 2011 and 2012 subscription / pay television platforms had significant marketing initiatives but despite this, and the inconvenience ASO caused to homes, the Saorview campaign ensured the retention of the Free-To-Air audience. In 2012 the operating cost to RTÉ of Saorview was €3.1 million, with an overall cost of €4.8m over 2011 and 2012.

### PENSIONS

RTÉ operates three pension schemes for its employees: a Defined Benefit (DB), Defined Contribution (DC) and a Hybrid Scheme (elements of DB and DC).

#### RTÉ Superannuation Scheme (DB)

The RTÉ Superannuation Scheme is a funded, contributory, defined benefit scheme, established under legislation and sponsored by RTÉ. No new employees have been admitted to the Scheme since 1989. As at 31 December 2012, RTÉ had 252 employees (405 at 31 December 2011) who were members of the RTÉ Superannuation Scheme. The significant drop in scheme members as at 31 December 2012 was due mainly to the large take-up of the Early Retirement and Redundancy Facility among members of the Scheme.

As at 31 December 2012, the assets of the Scheme had a market value of €833 million (2011: €776 million). As reported under IAS 19 *Employee benefits*, the difference between the assets and liabilities of the RTÉ Superannuation Scheme are reported as a liability on RTÉ's balance sheet. The liabilities of the RTÉ Superannuation Scheme under IAS 19 as at 31 December 2012 were €880 million, giving a deficit of €47 million (2011 deficit: €48 million). The marginal movement in the pension's liability valuation impacting RTÉ's balance sheet reflects the fact that the Scheme's assets have performed well over the year, counteracting the increase in IAS 19 liabilities (which in turn reflect lower bond yields).

In addition, the actuaries to the Scheme have considered the Scheme's position with liabilities as measured under the Minimum Funding Standard Valuation Test (MFS). In March 2012, the Scheme's assets exceeded its liabilities under MFS and as a result no funding proposal was required during 2012. As at 31 December 2012, the actuaries estimate that the MFS liabilities are €888 million, giving an MFS deficit of €55.4 million. The Scheme Trustees, together with RTÉ, may be required to prepare a proposal to the Pensions Board to address the MFS deficit.

#### RTÉ Defined Contribution (DC)

The RTÉ Defined Contribution Pension Scheme is a funded, contributory, defined contribution arrangement which has been open to new members since 1989. As at 31 December 2012, RTÉ had 1,152 employees who were members of the RTÉ Defined Contribution Pension Scheme.

#### RTÉ '50/50' Risk-Sharing Pension Scheme (Hybrid)

The RTÉ '50/50' Risk-Sharing Pension Scheme is a funded, contributory, hybrid scheme with DB and DC elements sponsored by RTÉ. This scheme commenced in September 2010 as an optional pension arrangement for eligible employees. As at 31 December 2012, RTÉ had 240 employees who were members of the RTÉ '50/50' Risk-Sharing Pension Scheme.

As at 31 December 2012 the assets of the DB section of the Scheme had a market value of €3.8 million. Under IAS 19 the liabilities of the DB section at the balance sheet date were €3.1 million, giving rise to a surplus of €0.7 million (2011 surplus: €0.7 million). The DB section of the Scheme has a surplus under MFS and therefore no funding proposal will be required.

#### 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

The *RTÉ Corporate Responsibility Report*, planned for 2013, will set out how RTÉ deals with its audiences, staff, business partners, the Government and in relation to the environment.

#### 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.

#### RTÉ'S IMPACT ON THE IRISH ECONOMY

In early 2013, RTÉ commissioned an independent report from PwC outlining RTÉ's socio-economic contribution to the Irish economy in respect of 2012. The key findings of the report were:

- Of RTÉ's total operating spend of €335 million in 2012, more than €278 million (83%) of this expenditure accrued to Irish personnel and suppliers.
- Ireland-based expenditures in 2012 exceeded licence fee income by €97 million.
- Excluding taxes, RTE's contribution to national output was approximately €349 million and supported approximately 3,160 full-time equivalent jobs across the Irish economy.
- Tax contributions made by RTÉ in 2012 amounted to €79 million or, placed in context, 44% of the licence fee income received by RTÉ in 2012, i.e. €181 million reverted directly to the State in taxes.
- For every €1 spent on the TV licence fee in 2012, RTÉ contributed €1.93 to the Irish Economy, including taxes.

#### OUTLOOK

RTÉ is of the view that it is imperative to return to financial stability and eliminate annual deficits, which have arisen over the past four years due to significantly reduced revenues. Following an organisation-wide restructuring during 2012, which delivers a significantly reduced cost base, RTÉ is targeting break-even for 2013 and, in doing so, faces challenges that need to be considered and managed closely during 2013 and the medium term:

- Commercial revenue continues to face a changing marketplace and a challenging economic climate and there has as yet been no overall indication of a return to growth in the Irish economy and to Irish advertising or in related commercial revenues.
- Levels of licence fee income need to be maintained and with household budgets continuing to be challenged, evasion levels need to be monitored closely and reduced.
- Between 2008 and 2012 RTÉ's operating costs have already been successfully reduced, without irreparable service impairment, by an ongoing €104 million or circa 24%. Further reductions are targeted for 2013, resulting in an operating cost base which will be circa 30% lower than 2008. This reduces available options in the continued search for a further contraction in costs.
- RTÉ's continuing need to renew and update its capital asset base in a digital era and the sourcing of available funding to enable investment.

## FINANCIAL REVIEW (CONTINUED)

### HOW YOUR TV LICENCE FEE IS USED

The utilisation of licence fee received by RTÉ to fund its public services is reported in note 1 to the Financial Statements. The basis on which the licence fee is attributed to channels and services is set out in note 1 (a). In the course of 2012 RTÉ initiated a comprehensive strategic review of its activities. This root-and-branch review examined all output areas against a range of criteria to ensure the activities were fit for purpose in this changing media landscape. Following this review each RTÉ service now has a detailed service description which clearly defines how the channel or service contributes to the delivery of RTÉ's public service objects. In conjunction with the development of detailed service descriptions, it was deemed appropriate to adopt a more explicit linkage between the methodology applied in attributing public funding to individual services and the way in which each service contributes to the delivery of RTÉ's public service objects. RTÉ has moved to a model, in line with current common practice among Public Service Media Organisations across the EU, which attributes public funding to individual services in a way that is proportionate to net cost of the public service. Net cost of public service is determined by deducting the contribution from commercial activities from the gross cost of delivering the public service.

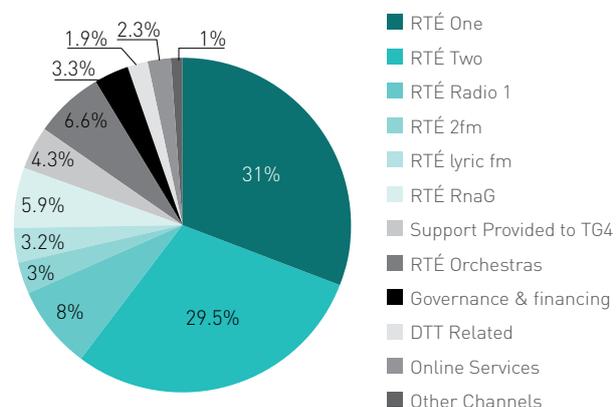
The following table seeks to represent the utilisation of an individual TV Licence fee, bearing in mind that RTÉ is not the sole recipient of TV Licence Fee monies collected:

### UTILISATION OF EACH TV LICENCE FEE COLLECTED

	2012 €	2011 As restated €
RTÉ One	41.21	45.59
RTÉ Two	39.25	36.57
<b>RTÉ Television</b>	<b>80.46</b>	<b>82.16</b>
RTÉ Radio 1	10.63	10.93
RTÉ 2fm	4.00	3.13
RTÉ Raidió na Gaeltachta (RTÉ RnaG)	7.85	8.33
RTÉ lyric fm	4.32	4.80
<b>RTÉ Radio</b>	<b>26.80</b>	<b>27.19</b>
RTÉ Orchestras	8.78	9.26
Governance and financing charges	4.34	2.27
DTT Related	2.47	1.38
Online services	2.99	2.26
Other channels	1.29	0.48
<b>RTÉ Activities</b>	<b>127.13</b>	<b>125.00</b>
	<b>79%</b>	<b>78%</b>
RTÉ Support for TG4	5.70	6.39
BAI Levy	0.07	1.75
TG4 deduction	6.79	6.71
BCI Sound & Vision fund	10.52	10.53
Collection Costs - An Post / DCENR / DSP	9.79	9.62
<b>Non-RTÉ Activities</b>	<b>32.87</b>	<b>35.00</b>
	<b>21%</b>	<b>22%</b>
<b>Cost of TV Licence</b>	<b>€160.00</b>	<b>€160.00</b>

The pie-chart below summarises the attribution of the TV Licence fee revenues that are received by RTÉ to the public service element of RTÉ's activities during 2012.

Attribution of Licence Revenue received by RTÉ in 2012



## COST PER TRANSMITTED HOUR

As part of its Performance Commitments for 2009, RTÉ undertook that in subsequent Annual Reports it would publish a statement of the average cost per transmitted hour of programmes broadcast. Tables providing this information and how it is computed for 2012, together with comparative figures for 2011, are set out below:

2012	RTÉ One €'m	RTÉ Two €'m	RTÉ Radio 1 €'m	RTÉ 2fm €'m	RTÉ lyric fm €'m	RTÉ RnaG €'m
<b>COSTS</b>						
Indigenous Programming	100.5	66.0	31.8	10.3	5.3	9.6
Acquired Programmes - Ireland	0.7	0.1	-	-	-	-
- Overseas	14.2	11.0	-	-	-	-
General Broadcast & Transmission Operations	11.4	10.1	1.6	0.5	0.4	0.2
Transmission & Power Charges	3.0	4.1	1.8	0.9	0.9	0.9
	129.7	91.3	35.3	11.7	6.6	10.7

HOURS	Hours	Hours	Hours	Hours	Hours	Hours
Annual Transmission Hours (incl. simulcast)	8,784	8,784	8,918	8,784	8,784	8,784

OVERALL AVERAGE COST PER TRANSMITTED HOUR - 2012	€	€	€	€	€	€
<b>All Transmission Hours</b>	<b>14,800</b>	<b>10,400</b>	<b>4,000</b>	<b>1,300</b>	<b>800</b>	<b>1,200</b>

2011	RTÉ One €'m	RTÉ Two €'m	RTÉ Radio 1 €'m	RTÉ 2fm €'m	RTÉ lyric fm €'m	RTÉ RnaG €'m
<i>As restated for consistency with current year presentation</i>						
<b>COSTS</b>						
Indigenous Programming	117.0	63.0	32.9	10.9	5.9	10.3
Acquired Programmes - Ireland	0.8	0.1	-	-	-	-
- Overseas	12.8	11.4	-	-	-	-
General Broadcast & Transmission Operations	11.8	10.1	2.3	0.7	0.5	0.5
Transmission & Power Charges	3.2	3.6	1.8	0.9	0.9	0.9
	145.6	88.2	37.0	12.4	7.2	11.6

HOURS	Hours	Hours	Hours	Hours	Hours	Hours
Annual Transmission Hours (incl. simulcast)	8,760	8,760	8,845	8,760	8,760	8,760

OVERALL AVERAGE COST PER TRANSMITTED HOUR - 2011	€	€	€	€	€	€
<b>All Transmission Hours</b>	<b>16,600</b>	<b>10,100</b>	<b>4,200</b>	<b>1,400</b>	<b>800</b>	<b>1,300</b>

ANNUAL MOVEMENT						
<b>% Change in Cost per Hour</b>						
<b>All Transmission Hours</b>	<b>(10.8%)</b>	<b>3.0%</b>	<b>(4.8%)</b>	<b>(7.1%)</b>	<b>0.0%</b>	<b>(7.7%)</b>

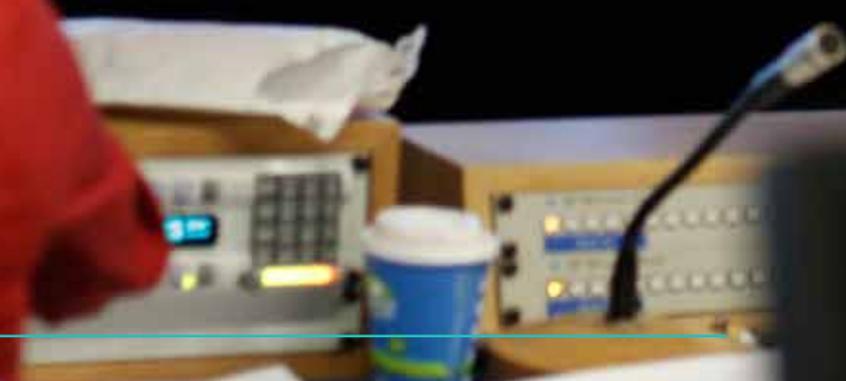


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RTÉ'S 2012 TOTAL OPERATING  
SPEND OF

**€335 million,**

OF WHICH €278 MILLION  
(83%) WAS TO IRISH-BASED  
PERSONNEL AND SUPPLIERS.

[SOURCE PwC EIS 2012]



# OPERATIONAL REVIEW

## RTÉ Television



IN 2012 RTÉ TELEVISION CONTINUED TO DELIVER A RANGE OF HIGH-QUALITY PROGRAMMES FOR IRISH VIEWERS AND REMAINED THE MOST POPULAR TELEVISION BROADCASTER IN IRELAND. THIS WAS DESPITE SIGNIFICANT DROPS IN COMMERCIAL REVENUE AND THE ADJUSTMENTS REQUIRED BY REDUCTIONS IN RESOURCES.



# 2012 SAW RTÉ TELEVISION BROADCAST 4,742 HOURS OF HIGH-QUALITY HOME-PRODUCED PROGRAMMING

In the year of digital switchover, RTÉ Television achieved consolidated peak share at 36.8% and, with the integration of RTÉ Television and RTÉ Digital, RTÉ Television was positioned in 2012 to deliver on the needs and challenges of a changing media landscape.

In recent years, owing to reduced resources, the majority of RTÉ's home-produced content has been concentrated in prime-time slots so as to maximise investment. As a result, while RTÉ One's performance in peak time has been resilient at 26.9%, there was evidence of a retrenchment in off-peak. In 2012 RTÉ moved to address this issue with the launch of *Today*, a new, live daytime programme from RTÉ in Cork. This new programme is a first for RTÉ Cork and is in part commercially funded.

2012 saw RTÉ Television broadcast 4,742 hours of high-quality home-produced programming and 19 of the top 20

programmes broadcast on any channel available to Irish viewers in 2012 were on RTÉ Television.

The most-watched programme of the year was, again, *The Late Late Toy Show*, with an average audience of 1,452,800 viewers. The second most-watched programme of the year was RTÉ Sport's UEFA Euro 2012™ coverage of Republic of Ireland v Croatia in June, with 1,235,700 viewers. The *Mrs Brown's Boys Special* on Christmas Day hit third spot with 1,068,100 viewers.

## RTÉ CROSS-PLATFORM

RTÉ Television's cross-platform output extends from regular cross-promotion between complementary series, such as RTÉ One's *Ear to the Ground* and RTÉ Radio 1's *Countrywide*, or RTÉ One's *The Works* and RTÉ Radio 1's *Arena*, two series which are designed with tailored content for each platform.



THE TODAY PROGRAMME

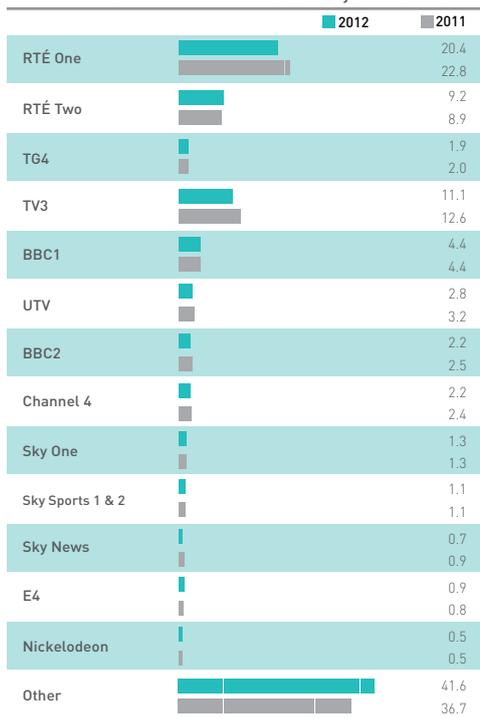


EURO 2012



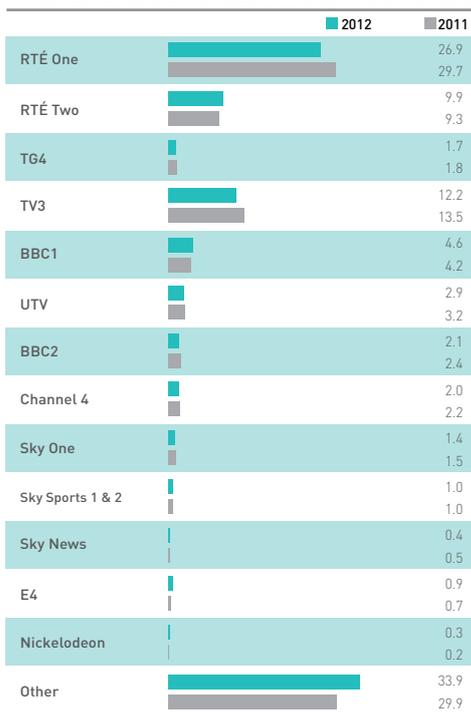
MRS BROWN'S BOYS

Consolidated National Individual 4+ All Day Channel Shares



Source: TAM Ireland Limited / Nielsen TAM

Consolidated National Individual 4+ Peakttime Channel Shares



Source: TAM Ireland Limited / Nielsen TAM

# OPERATIONAL REVIEW

## RTÉ Television



THE WORKS

*Masterchef Ireland* featured across RTÉ Two Television, RTÉ 2fm and RTÉ.ie, as well as on RTÉ's social media, while the cross-platform approach was used to great effect in mobilising viewers in campaign programming such as *Operation Transformation* and *Dirty Old Towns*.

Different genres and platforms contributed to events and seasons through the year, which increased the impact of programming in our core areas of focus. In 2012, these included the RTÉ *Open Mind* science season, *RTÉ Big Music Week* and *TV50*.



MASTERCHEF IRELAND

### RTÉ FACTUAL

Highlights in RTÉ Factual programming for 2012 covered programmes and series on a range of topics as diverse as education and art, euthanasia and sports performance, and highlighted the contribution of the independent production sector.

The *Back to School* season was a week-long series of programmes exploring the subject of education that aired to coincide with the annual return to school for hundreds of thousands of children and teenagers across the country. The season included

*Back to School: Inside the Department*, a documentary following Minister for Education & Skills Ruairi Quinn TD and his team. Filmed over six months at a DEIS school in Wexford, *Back to School: Primary Pressures* looked at the highs and lows of everyday school life during tough times. In *Back to School: John Lonergan's School Principles*, the former governor of Mountjoy Prison asked what can be done to ensure more young people stay on and finish school.

Other factual output in 2012 included *A Time To Die*, an intimate and sensitive look at the challenging issue of assisted death and euthanasia and *MND & Me*, a personal and scientific exploration of Motor Neuron Disease through the eyes of sufferer Colm Murray. *The Obesity Clinic* followed the journey of a number of obese people as they escaped the prison of their own bodies and reclaimed their lives.

*Faster, Higher, Stronger* investigated performance-enhancement techniques in sport, asking how far will modern sportspeople push themselves. George Lee explored the consequences of Ireland leaving the Euro in *Ireland Outside the Euro?*, while



BACK TO SCHOOL - INSIDE THE DEPARTMENT (PHOTOGRAPHER: MATTHEW THOMPSON)

### TOP 10 PROGRAMMES

1ST JANUARY - 31ST DECEMBER 2012 ALL CHANNELS  
CONSOLIDATED NATIONAL INDIVIDUALS AGED 4+

Rank	Programme	Channel	Day	Date	Time	Dur	TVR	000s	Share
1	The Late Late Toy Show	RTÉ One	Fri	30-11-2012	21:35 - 23:44	130	35.86	1,452.8	67.25
2	Euro 2012 (Republic Of Ireland vs. Croatia)	RTÉ Two	Sun	10-06-2012	19:38 - 22:15	158	30.04	1,235.7	66.47
3	Mrs Brown's Boys - Christmas Special	RTÉ One	Tue	25-12-2012	21:48 - 22:16	29	26.40	1,068.1	45.95
4	Love/Hate	RTÉ One	Sun	16-12-2012	21:28 - 22:29	62	25.55	1,033.9	57.23
5	The Late Late Show	RTÉ One	Fri	01-06-2012	21:41 - 24:15	155	24.99	1,027.9	66.54
6	The Sunday Game Live: All Ireland Senior Football Final (Mayo vs. Donegal)	RTÉ Two	Sun	23-09-2012	15:31 - 17:44	134	23.13	974.5	69.27
7	Mrs Brown's Boys	RTÉ One	Sat	04-02-2012	21:09 - 21:40	32	22.11	909.0	45.78
8	The Sunday Game Live: All-Ireland Senior Hurling Final (Kilkenny vs. Galway)	RTÉ Two	Sun	09-09-2012	15:25 - 17:30	126	21.38	900.8	67.08
9	RTÉ News: Nine O'Clock	RTÉ One	Sun	12-02-2012	21:02 - 21:21	20	18.93	778.3	40.81
10	The Eurovision Song Contest	RTÉ One	Sat	26-05-2012	20:00 - 23:23	204	18.76	771.5	51.56

Source: TAM Ireland Ltd/Nielsen TAM

Any Day Any Time - Best Episode. Ranked by TVR (note universe changes three times per year)

Minimum programme duration is 15 minutes

2012 WAS A GOLDEN YEAR FOR *MRS BROWN'S BOYS*, WINNING AN IFTA AND A BAFTA BEFORE FINISHING OFF THE YEAR AS THE MOST POPULAR TV PROGRAMME OF THE CHRISTMAS PERIOD, WITH OVER

**1,068,000**  
VIEWERS ON CHRISTMAS DAY.

*Hostile Environment* took us into the shadowy world of former Irish military personnel now working, often controversially, for profit in the private security industry abroad. *Apartment Kids* touched on the legacy of the Celtic Tiger's property bubble as it told the story of children growing up in flats.

A five-week long campaign in April/May 2012 reminded the Irish public of the myriad of great works of art that lie in our public collections and asked the public to vote on *Ireland's Favourite Painting*. John Bowman drew on hitherto unseen archives, private papers, interviews and RTE's rich library of photographic material in *TV50: Battle Station* to provide a critical overview of our national television service with an insider's 'warts-and-all' account of RTE and its fifty-year television history. To mark The Labour Party's 100th anniversary, *Labour's Way* was a two-part series documenting the history of the Labour party.

*A Lost Son* explored one of the darkest episodes of the Civil War, when six Republican soldiers were shot dead by their former comrades on the summit of Ben Bulbin in County Sligo. Michael McDowell, the nephew of Brian MacNeill, who was one of the victims, explored what happened that day in September 1922. *My Civil War* featured selected stories and experiences from the Irish Civil War, which have almost vanished from memory. In a very alternative portrait, *WB Yeats: No Country for Old Men* used the mystery of where Yeats' bones are actually buried to tell the version of Yeats' life that de Valera definitely didn't want the nation to hear.

#### RTÉ ENTERTAINMENT

Entertainment programming on RTÉ One provided some of the stand-out TV moments of 2012, including a number of landmark broadcasts marking TV50, culminating in *The Late Late Show 50th Birthday Celebrations* in June, which saw previous hosts Gay Byrne and Pat Kenny join Ryan Tubridy for what proved to be one of the most popular TV programmes of the year, with average viewing figures of over 1 million. *The Late Late Show* went on to break the million viewers mark

again in December with *The Late Late Toy Show*, attracting over 1.4 million viewers. There were strong figures for the other prime-time weekend entertainment programmes too, including *The Saturday Night Show*, *Saturday Night with Miriam* and *Winning Streak*.

*The Voice of Ireland* provided some of the biggest TV spectacles of the year, dominating Sunday viewing for 17 weeks. Younger viewers also took to the reformatted *Celebrity Bainisteoir: The Rivals* and *Zig and Zag's Superbloopers* in numbers.

2012 was a golden year for *Mrs Brown's Boys*, winning an IFTA and a BAFTA before finishing off the year as the most popular TV programme of the Christmas period, with 1,068,100 viewers on Christmas Day.

Event programming included *The Eurovision Song Contest*, *The Rose of Tralee*, *St Patrick's Day Parade*, *Rehab People of The Year Awards*, *Up For The Match*, and the *IFTA Awards*. Miriam O'Callaghan helped ring in the New Year and *The Gathering* with Imelda May in concert live from Dublin City Centre. Music also proved popular with a second series of *For One Night Only* hosted by Gay Byrne, as well as *Fleadh Cheoil* and the last series of *Come West Along The Road*.

Ireland's top comic performers and writers came together for the four-part satirical series *Irish Pictorial Weekly*, which premiered first in a radio version on RTÉ Radio 1 before becoming a television success on RTÉ One.

#### RTÉ DRAMA

RTÉ broadcast two high-performing, commissioned drama series in 2012, including *Raw* (series four) and *Love/Hate* (series three). Both excelled beyond previous series. In addition, *Fair City* delivered 100 hours of in-house produced drama. The serial, heading toward its 25th anniversary, constitutes RTÉ's long-standing commitment to weekly serial drama.



APARTMENT KIDS



THE VOICE OF IRELAND



FLEADH CEOIL

# OPERATIONAL REVIEW

## RTÉ Television



FAIR CITY

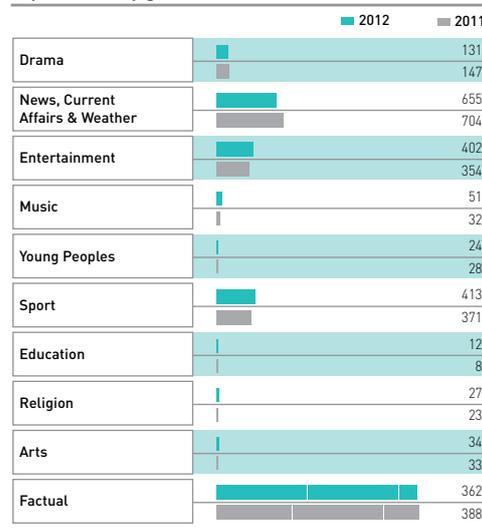


LOVE/HATE



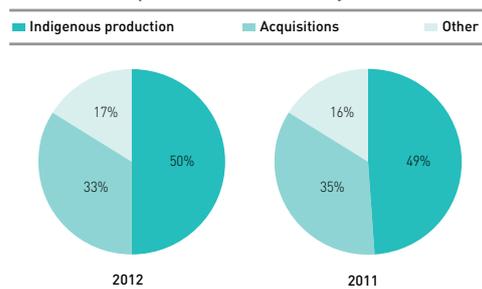
YOUNG PEOPLES - HUBBLE WITH EMMA O'DRISCOLL & ÓGIE

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



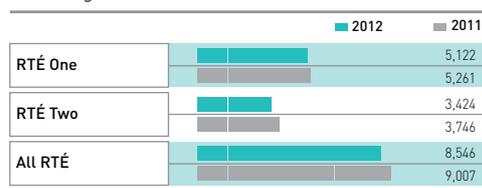
Source: RTÉ

### RTÉ Television peak-time content analysis



Source: RTÉ

### Subtitling hours RTÉ Television



Source: RTÉ

*Love/Hate* was the runaway winner of the most awards in the 2012 IFTAs, picking up six awards including Best Writer, Best Production, Best Director, Best Actor, Best Actress and Best Supporting Actress. Critically acclaimed, the sales for *Love/Hate* series 3 DVD and the box set exceeded expectations and performed very strongly in a declining market.

*StoryLand* brought eight new production teams through the online drama competition with a mixture of comedy and drama projects.

### RTÉ YOUNG PEOPLES

In 2012 RTÉ brought young viewers in Ireland a broad range of programming across all genres. For pre-schoolers and youngsters up to six years old, RTÉjr featured series such as *Hubble* with Emma O'Driscoll and Ógie the puppet, *The Secret Life of Family Pets* and *Neverbored*, in which Reuben gives children tips on how to escape the tedium of long journeys. New animated series included *Joe & Jack*, featuring a young girl and her cat; *I'm a Creepy Crawly*, featuring a wide range of bugs and small wriggly animals; and series two of *The Abadas*.

TRTÉ, the programme block for 7-15 year-olds, offered the magazine series *Elev8*, which covers everything from science and history to topical events. *Pump up my Dance*, a series showcasing a wide range of dance styles, featured along with *Football's Next Star*, which offered the winner a contract with Glasgow Celtic. New series included *My Life*, with the European Broadcasting Union (EBU) documentary exchange. In November young people took over the schedule with *Life's Like This*, a series of user-generated shorts that illustrated life for youngsters in Ireland. *Kidspeak* also offered the chance for children to talk about their worlds. The daily magazine *Two Tube* explored the world of teenagers and their interests.

### RTÉ LIFESTYLE

*Operation Transformation* continues to mobilise communities across the country, motivating audiences to engage directly on key health matters. The series has gone from strength to strength in Ireland and the format has now gone into production in Belgium.

OVER **200** HOURS OF  
LIVE TELEVISION SPORT  
WERE SHOWN DURING THE  
TWO WEEKS OF THE LONDON  
2012 OLYMPICS.

Broadcasters in the Netherlands and France optioned the series in 2012. *Room to Improve* was re-commissioned for Sunday evening post-watershed where it out-performed the slot average by a considerable margin.

*At Your Service* brought Francis and John Brennan back to our screens. The extremely popular duo continued to help struggling hotels, B&Bs and guesthouses across the country to stay afloat and redefine themselves in challenging times. Like the Brennan brothers, Feargal Quinn brought invaluable support to small businesses in a third series of *Feargal Quinn's Retail Therapy*. In addition other successful programmes re-commissioned during the year included *Animal Clinic*, *Dirty Old Towns*, *The Consumer Show* and *Local Heroes*. New lifestyle programmes included *Franc's DIY Brides* and *Dead Money*. *The Gathering: Homeward Bound* was one of a number of programmes which received external funding, along with *Supergarden*, *Local Heroes* and *Instrumental*.

#### RTÉ SPORT

2012 was a huge sporting year for the country and RTÉ Sport was there to bring the best of it to the audience, broadcasting over 900 hours of sports programming on television. The highlights included Katie Taylor winning gold in the London 2012 Olympics, with viewers averaging at over one million for her title fight; Kilkenny winning their 9th All-Ireland Hurling Final under Brian Cody; and Donegal ending a 20-year wait for the return of Sam Maguire to the county.

Over 200 hours of live television sport were shown during the two weeks of the London 2012 Olympics. Particular interest was paid to Team Ireland; over 20 analysts gave their expert opinion on the action. 2012 was also the year of UEFA Euro 2012™, with the Irish soccer team's performance bringing in record viewers.

In addition to these special events, RTÉ Television broadcast 31 GAA Championship matches alongside coverage of the National Leagues, the GAA championship draw, the All-Ireland Camogie Final and the GAA All-Stars. Regular television coverage of the Six Nations, RaboDirect PRO12, Airtricity



# OPERATIONAL REVIEW

## RTÉ Television



THE SUNDAY GAME LIVE



OTHER VOICES



FIREFIGHTERS

League and racing as well as domestic athletics and boxing, continued to be brought to the audience throughout the year. In a repeat of 2011, the Top 10 sports programmes broadcast in Ireland were all shown on RTÉ Television. RTÉ Sport continued to offer sports fans key high-profile events in HD on the Saorview platform, giving viewers the best free-to-air sports offering in the country.

### RTÉ TWO

2012 was a year of innovation on RTÉ Two, with a range of new programme models, new faces, and new initiatives in broadcasting. 2012 saw the start of a variety of new strands of factual/entertainment formatted programmes and popular documentaries aimed at 15-34 year-olds.

In partnership with some of the biggest names in international distribution, RTÉ created *Format Farm*, an initiative to support the production and broadcast of original Irish-based television formats for both home audiences and for export. The five original television formats that emerged from the scheme were broadcast on RTÉ Two; talent search *The Hit*; dating format *The Love Clinic*; hidden-camera comedy *Baptism of Hire*; business makeover show *The Takeover* and social/cultural rivalry format *Six in the City*. *The Takeover* and *Six in the City* have now been commissioned as full series for 2013.

*Don't Tell the Bride*, *ICA Bootcamp* and *Masterchef Ireland* continued to deliver large audiences. Meanwhile, seventeen programmes were broadcast under the *Reality Bites* banner in 2012, covering a range of issues and stories, from breast cancer to the financial crisis, from Ireland's rappers to domestic relationships, from gay parents to the phenomenon of Ladies' Day.

Comedy and chat formats also played a key role in the 2012 offering, with *The Republic of Telly* and *The Savage Eye* returning, and new programmes enhancing the schedule: *The Mario Rosenstock Show*, *The Fear*, *The Craig Doyle Show* and *Katherine Lynch's Big Fat Breakfast Show*. Alongside these programmes, the highly popular *Other Voices* music programme returned for a 10th

series, once again supporting the busy Irish music scene by providing a much-needed TV platform for the cream of Ireland's new musical talent. A new strand of music programming, *TWO Music*, was launched.

### OTHER PROGRAMMING

Highlights of RTÉ Religious output in 2012 included the extensive, multi-media coverage of the International Eucharistic Congress, which not only brought the event to over 150 million people worldwide, but offered detailed context and analysis at home through *Would You Believe?*. Two new series, *Beyond Belief* and *The Moment of Truth*, added strength and depth to our ethical and religious exploration of contemporary Irish life, and in *The Meaning of Life*, Gay Byrne extracted often unexpected religious reflections from a remarkable list of A-listers, including Mary McAleese, Bob Geldof, Noel Gallagher and Richard Branson. The IFTA-winning series *The Radharc Squad* told the story of Radharc's maverick filmmaker priests, while *Bishop Undercover* turned heads with its use of reality television techniques to examine the role of the Church. *Carols from the Castle* capped the year with a festive celebration featuring Sinéad O'Connor, Andrea Corr and more.

*The Zoo* consolidated its position as popular family viewing during 2012 and a new series, *Firefighters*, took a close look at the daily challenges facing the Dublin Fire Service. Duncan Stewart's *Eco Eye* grew its audience share and, also on RTÉ One, three chefs, Neven Maguire, Rachel Allen and Donal Skehan, in their respective series *Home Chef*, *Cake Diaries* and *Kitchen Hero*, proved the enduring popularity of the cookery genre.

### IRISH LANGUAGE

In 2012 RTÉ aired 26 new half-hour Irish-language programmes, ten of which were independently commissioned with funding from the BAI Sound & Vision Fund. These included *Bernard Dunne's Bród Club*, a six-part cross-platform campaigning series which had the ambitious aim of getting 100,000 people 'back on the capall' using what Irish they had. With a huge impact in terms of social media and audience feedback, the series was nominated for an IFTA. Also

# IN A REPEAT OF 2011, THE Top 10 SPORTS PROGRAMMES BROADCAST IN IRELAND WERE ALL SHOWN ON RTÉ TELEVISION.

part of RTÉ's commissioned Irish-language output was *Ar an Oileán*, a four-part series which followed the seasons of life on two of our offshore islands; Inis Meáin and Oileán Cléire.

The bulk of Irish-language output was generated in-house and included new programmes from the *Scannal* stable, documenting such important events in the nation's history as the Hepatitis C scandal and the Presidential Election of 1990. A new series, *Aerphort*, got inside three of the nation's airports (Cork, Shannon and Dublin). *Cloch Le Carn* looked back on the lives and work of two of Ireland's best known actors, David Kelly and Joe Lynch, and *Fíbin – Sétanta in the City* followed the Conamara Gaeltacht-based theatre company as they took a Paul Mercier play to the National Theatre. In a year of important anniversaries, RTÉ One marked TV50 with special Irish-language output like *Sup as an Tobar* and *An Tost Fada*, on the 90th Anniversary of the West Cork killings.

## OUTSIDE DUBLIN, AND OTHER FACTUAL

Two health-based, observational series were among the highlights of the 2012 non-Dublin based output. *The Nurse* focused on the work of community nurses across the country, while *From Here to Maternity* successfully revisited the Cork University Maternity Hospital's delivery rooms.

A new series focusing on the experiences of recently arrived migrants, *The New Irish: After the Bust* was shortlisted for the Iris award at Prix Europa and was shortlisted for an IFTA. Returning series *Ear to the Ground*, *Cracking Crime*, *Dragons' Den* and *Tracks and Trails* continued to rate well.

*Bullyproof*, a timely three-part interventionist series on bullying, was the primary focus of the RTÉ *Back to School* slate in 2012. This critically acclaimed series generated much public debate and won an IFTA Award for Best Documentary Series. *What in the World?*, a four-part global affairs series, increased its audience and share in 2012. Peadar King's film on current events in the Democratic Republic of the Congo provoked much public discourse and

lead, ultimately, to a presentation by the production company and RTÉ to the Joint Oireachtas Committee on Foreign Affairs and Trade in December.

*Unsettled – From Tinker to Traveller* profiled the long-running relationship between two world-renowned anthropologists, George and Sharon Gmelch, and Ireland's traveller community. Unanimously praised, the documentary was one of the most watched on RTÉ One all year.

## COMMERCIAL ACTIVITY AND PERFORMANCE

RTÉ Television's advertising revenue declined by 10% in 2012. In the first half of the year revenue performed in line with 2011, but a weak summer followed UEFA EURO 2012™, and revenue declined sharply in the autumn, resulting in a disappointing outturn for the year as a whole.

Contributory factors to this performance included a weak market, a change in trading methods in mid-year and ASO in the final quarter. Market conditions were particularly difficult in the second half of the year, as multinational advertisers refocused investments in growing markets and sought to reduce investment and protect profitability within Europe. The change in trading methods brought transparency for our customers, but this reduced pricing flexibility, resulting in reduced activity for some major clients. During 2012, the supply of Irish TV advertising outlets continued to expand. By December there were a total of 32 channels selling Republic of Ireland TV advertising.

Commercial viewing to RTÉ also declined across the year, as uptake of digital services reduced viewing to RTÉ Television following the expansion in viewer choice.

RTÉ Television sponsorship revenue improved. This was due to a strong performance in Advertiser-Funded Programme activity in which *Masterchef Ireland* and *The Gathering* were prominent. Product placement also showed growth. General sponsorship was resilient, supported by Olympics 2012. Cross-media highlights included Arthur's Day programming and Premiership Lucozade activity.



DRAGONS' DEN



FROM HERE TO MATERNITY



UNSETTLED FROM  
TINKER TO TRAVELLER





€349 million

- RTE'S CONTRIBUTION TO  
NATIONAL OUTPUT IN 2012

[SOURCE PwC EIS 2012]

## OPERATIONAL REVIEW

# RTÉ Radio



RTÉ RADIO 1 CONTINUED TO PERFORM WELL IN 2012, MAINTAINING ITS POSITION AS THE MOST-LISTENED-TO STATION NATIONALLY WITH 22.8% SHARE AND 18 OUT OF THE TOP 20 MOST-LISTENED-TO PROGRAMMES IN THE COUNTRY.\* RTÉ RADIO - REPRESENTING RTÉ RADIO 1 AND RTÉ LYRIC FM - WAS AGAIN SUCCESSFUL IN WINNING THE BROADCASTER OF THE YEAR AWARD AT THE NEW YORK FESTIVALS.

\*JNLR/IPSOS MRBI 2012/4



## RTÉ RADIO 1

On the editorial front, there were many challenges and successes, particularly in the sports department, with the Olympic Games, the UEFA EURO 2012™ Championships in soccer, the GAA season, the Six Nations rugby season and the Heineken Cup final.

It was a busy year for current affairs, with the continuing financial crisis, two referendums, the Mahon Tribunal report and the 50th International Eucharistic Congress. The autumn saw the addition of a new programme at the weekend, *Saturday with Claire Byrne*, along with Audrey Carville taking over on the weeknight current-affairs programme *Late Debate*.

The station continued its policy of bringing the programmes outside studio with over 500 outside broadcasts from every county in Ireland.

RTÉ Radio 1 continued to deliver on its commitment to live music and new comedy. *Green Tea* established itself in the Saturday schedule and 2012 saw the introduction of a new comedy strand, *Irish Pictorial Weekly*, produced in conjunction with RTÉ One Television.

In arts, the six-part series *James Joyce and Me*, presented by Damien Kiberd, was at the centre of coverage of the Joyce Estate's coming out of copyright. RTÉ Radio 1 also broadcast a new and complete reading of *The Dead*, performed by Stephen Rea, which aired in the regular *Book on One* slot.

RTÉ Radio 1 continued its commitment to arts and culture with two important competitions providing opportunity to two different genres of writing; The P.J. O'Connor Awards for new dramatic writing, and The Francis McManus short story writing competition. RTÉ Radio 1's *Drama on One* featured many new plays from Irish writers, including Patrick Mason, Veronica Cockburn and John Boorman.

In factual programming the acclaimed *Documentary on One*, which runs weekly across the year, produced in excess of 40 new documentaries in 2012, while *The Curious Ear* also produced more than 40 documentaries. This year saw the addition of a new documentary strand, *One World*, produced in partnership with Irish Aid and dealing with global development issues.

In 2012 RTÉ Radio 1 also commissioned a number of short-run factual series on a diversity of topics across the year, including *The Media Show*, a series about the media in Ireland and abroad; *The Law Makers*, about legal figures who presided over landmark cases; *Home News*, about Irish newspapers servicing the Diaspora; *Picking Up The Pieces*, a series on cross-community reconciliation in Northern Ireland and the border counties; and *Death of An Empire*, a major series on the dissolution of the Soviet Union and one of a number of important commissions from the independent sector.



CLAIRE BYRNE



IRISH PICTORIAL WEEKLY



AUDREY CARVILLE

## TOP 10 ALL-WEEK NATIONAL RADIO PROGRAMMES - ADULTS 15+ TIMEBLOCK REACH FOR NATIONAL COMMERCIAL STATIONS JANUARY - DECEMBER 2012

Rank	Programme	Station	Time-slot	Period	Adults 15+ Prog Reach %	No. of Adults 15+ (000s)
1	Morning Ireland	RTÉ Radio 1	07:00-09:00	Mon-Fri	12%	441
2	Liveline with Joe Duffy	RTÉ Radio 1	13:45-15:00	Mon-Fri	12%	420
3	The Marian Finucane Show	RTÉ Radio 1	11:00-13:00	Sat	10%	363
4	News at One	RTÉ Radio 1	13:00-13:45	Mon-Fri	10%	360
5	The Business	RTÉ Radio 1	10:00-11:00	Sat	9%	334
6	The John Murray Show	RTÉ Radio 1	09:00-10:00	Mon-Fri	9%	323
7	Today with Pat Kenny	RTÉ Radio 1	10:00-12:00	Mon-Fri	9%	321
8	Playback	RTÉ Radio 1	09:00-10:00	Sat	9%	316
9	The Marian Finucane Show	RTÉ Radio 1	11:00-13:00	Sun	8%	305
10	Miriam Meets ...	RTÉ Radio 1	10:00-11:00	Sun	7%	268

Source: Joint National Listenership Research Survey Jan - Dec 2012 (Ipsos MRBI)

# OPERATIONAL REVIEW

## RTÉ Radio



WALLACE BIRD,  
A MURRAY CHRISTMAS



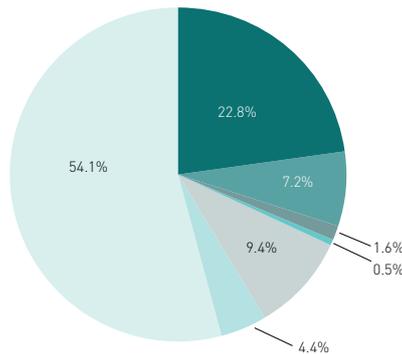
RYAN TUBRIDY, RTÉ 2FM EASON  
SPELLING BEE



JOE DUFFY, NATIONAL PLOUGHING  
CHAMPIONSHIPS

National Share of Radio Listening 2012 -  
Weekday/Peak time

RTÉ Radio 1	22.8%
RTÉ 2fm	7.2%
RTÉ lyric fm	1.6%
RTÉ Raidió na Gaeltachta	0.5%
Today FM	9.4%
Newstalk 106 - 108fm	4.4%
Regional/local stations	54.1%



Source: Joint National Listenership Research  
Survey Jan – Dec 2012 (Ipsos MRBI)

Live music plays an integral role in the RTÉ Radio 1 schedule and RTÉ Radio 1 was the RTÉ lead in *RTÉ Big Music Week*, which had its most successful year yet. Running from Monday 15th October until Sunday 21st October, there were over 120 strands of music content across RTÉ. RTÉ Radio 1 ended the year with the very successful publication of the *A Murray Christmas*. The CD, in aid of Aware, reached number 3 in the charts.

### RTÉ 2FM

After a challenging few years, RTÉ 2fm delivered green shoots of recovery in 2012. Three successive JNLR books indicated growth for overall station share, stability for the breakfast and mid-morning programmes, and growth in afternoon and drivetime. This was affected slightly by a weaker end-of-year JNLR performance, but reasons for optimism remain.

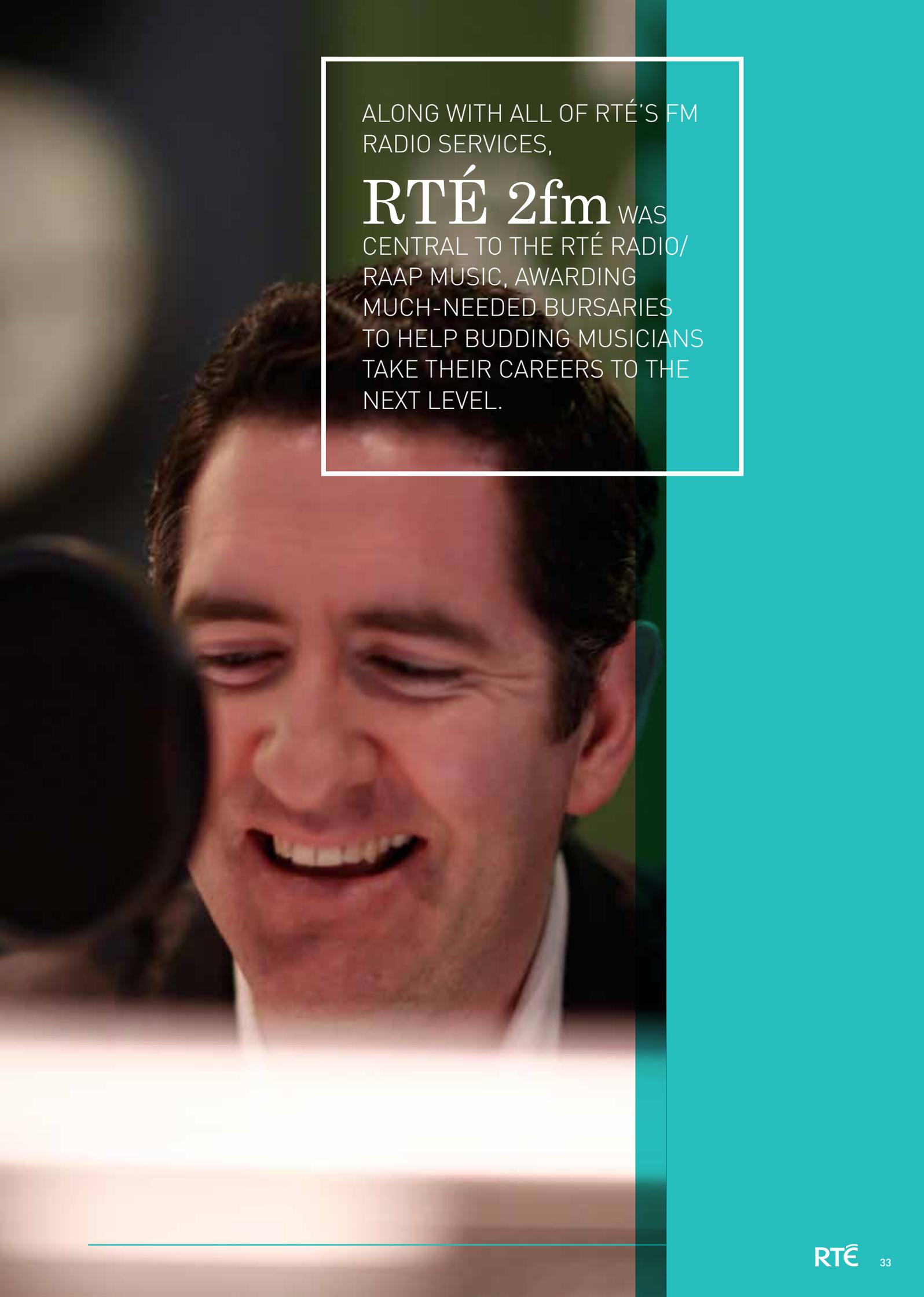
In a new departure for the station, RTÉ 2fm became the home of UEFA EURO 2012™ on RTÉ Radio, with all of Ireland's games broadcast live on RTÉ 2fm. *Breakfast with Hector* hosted two weeks of breakfast mayhem from the main squares in Posnan and Gdansk. While the Irish team's performance was disappointing, the sport on RTÉ 2fm pointed the way toward new possibilities for the station.

RTÉ 2fm also continued partnerships with leading charities. The RTÉ 2fm Dress Up for Barnardos campaign and the RTÉ 2fm Toy Appeal for St Vincent de Paul reported significant double-digit growth in their donations year-on-year, with the Toy Appeal collecting over €1 million worth of toys for St Vincent de Paul in 2012.

Along with all of RTÉ's FM radio services, RTÉ 2fm was central to the RTÉ Radio/RAAP Music, awarding much-needed bursaries to help budding musicians take their careers to the next level. The competition covered the genres of pop, rock and dance music, traditional, classical, and folk and roots.

RTÉ 2fm recorded live sessions with 60 artists in 2012, all of them Irish, supporting musicians both financially and creatively. Many more acts appeared on shows across the station to promote their singles and concerts. RTÉ 2fm primetime shows from breakfast through to drivetime featured an additional 30 live performances by Irish artists in 2012, in studios and roadcasters across the country. Of the almost 160 new songs added to the RTÉ 2fm top rotation playlist in 2012, over 40, or 25%, were by Irish artists, a substantial increase of over 20% in two years.

RTÉ 2fm has also been an avid supporter of the EBU's Eurosonic Festival since its foundation 16 years ago. Thanks specifically to RTÉ 2fm, in 2012 Eurosonic held an Irish music showcase, and 21 different Irish acts performed to the elite of the European music industry.



ALONG WITH ALL OF RTÉ'S FM  
RADIO SERVICES,

**RTÉ 2fm** WAS  
CENTRAL TO THE RTÉ RADIO/  
RAAP MUSIC, AWARDING  
MUCH-NEEDED BURSARIES  
TO HELP BUDDING MUSICIANS  
TAKE THEIR CAREERS TO THE  
NEXT LEVEL.

# OPERATIONAL REVIEW

## RTÉ Radio



CARMEN BROWNE, RTÉ RADIO / RAAP GALA CONCERT



RTÉ LYRIC FM AT BLOOM 2012



PRESIDENT MICHAEL D. HIGGINS FORMALLY MARKS RTÉ RAIDÍÓ NA GAELTACHTA'S 40TH YEAR

### RTÉ LYRIC FM

Despite further rationalisation and the loss of staff, RTÉ lyric fm managed to win gold, silver and bronze at the PPI Radio Awards, as well as six awards at the New York Festivals. Meanwhile, RTÉ lyric fm's commissioned arts and culture programme *Culture File* was nominated in the Prix Europa music programme category.

RTÉ lyric fm released four CDs in 2012, and developed nine new productions in the features and arts strand in partnership with independent producers and the BAI Sound and Vision scheme. In-house productions mentored new independent programme-makers and contributors across four projects.

The RTÉ lyric fm outreach team visited 45 Schools, delivering the 'Making Radio' project to transition year students, and developed a pilot primary-school programme as part of the UCC Certificate in Contemporary Living programme (a third-level course for young adults with intellectual disabilities). The RTÉ lyric fm Composer-in-Residence scheme continues to give a platform to composers each year, as well as on-going mentoring for two young composers.

RTÉ lyric fm created a new weekly summer slot to provide on-air experience for five new

young presenters. Ireland's largest amateur choral competition, RTÉ lyric fm's Choirs for Christmas, included the release of a CD and a concert at the National Concert Hall.

Weekly summer lunchtime concerts live from the National Concert Hall between June and September were broadcast nationally, and thirty concerts from this island were broadcast around Europe through RTÉ lyric fm's association with the European Broadcasting Union.

Finally, RTÉ lyric fm again broadcast live from the Bloom Garden Festival. The RTÉ lyric fm Bloom Garden, the centrepiece for transmissions and live performances, won Gold Prize at the event.

### RTÉ RAIDÍÓ NA GAELTACHTA

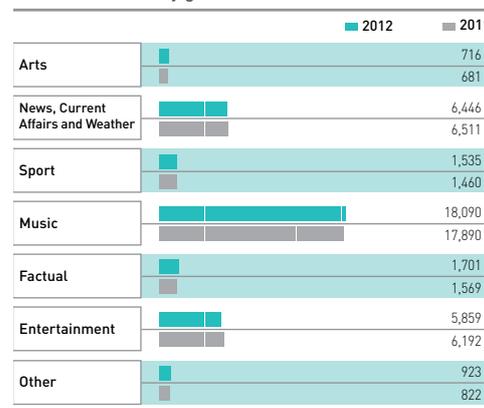
*'While the station was founded to primarily serve Gaeltacht areas, it has grown to become a national broadcaster, and plays a central and profound role in the Irish-language movement on a national basis and as a cultural touchstone for everyone in Ireland.'*

This is how Micheal D. Higgins, President of Ireland, described RTÉ Raidió na Gaeltachta in his address when he visited the station headquarters in May 2012 to celebrate 40 years of continuous broadcasting.

Regional diversity remained a core objective in 2012. In a year that saw RTÉ Raidió na Gaeltachta's resources under increasing pressure, the station maintained a comprehensive national news and current affairs radio service. 2012 was a great sporting year, and three journalists brought home RTÉ Raidió na Gaeltachta coverage of the Olympic Games in London and the UEFA EURO 2012™ Championships in Poland and Ukraine.

Many awards were received during 2012, including two awards from the Celtic Media Festival (Radio Station of the Year Award and Radio Personality of the Year for Frances Nic Géadaigh). Other highlights include two new programmes; *Cruinneog* allowed the diaspora access to the airwaves, while *Cormac ag a Cúig* offered a strong evening current affairs programme as *Gaeilge* in the drivetime slot.

RTÉ Radio hours by genre



Source: RTÉ  
Note: Category 'Other' includes Religion, Young Peoples, Education and Drama

## RTÉ LYRIC FM'S COMMISSIONED ARTS AND CULTURE PROGRAMME *CULTURE FILE* WAS NOMINATED IN THE PRIX EUROPA MUSIC PROGRAMME CATEGORY.

RTÉ Raidió na Gaeltachta also opened its archive to public access. The largest vernacular archive in the world, through partnership with the Digital Repository of Ireland, will provide material for senior national school children through iTunes U.

### COMMERCIAL ACTIVITY AND PERFORMANCE

2012 proved another challenging year in the media market with marketing spends reduced and continuing pressure on pricing. It is against this backdrop that RTÉ Radio continued to deliver both audience and commercial value throughout the year, with a range of client-focused solutions delivered in 2012.

While radio advertising was down 13% year-on-year, RTÉ Radio 1 outperformed the market with the top companies in Ireland utilising the audience, environment and unique position of the station. RTÉ lyric fm grew revenues as it developed from a niche station for advertisers to one where the valuable ABC1 audience is now recognised. It was a more difficult year for RTÉ 2fm, where revenue continued to decline. Sponsorship and promotions also had a strong 2012, growing by 11%, as key advertisers identified the attributes of being associated with and within programmes, with 19 of the Top 20 programmes broadcast on RTÉ Radio stations (JNLR/Ipsos MRBI 2012/4).

RTÉ Radio was proud to help many new brands establish themselves, to generate return on investment for established businesses who sought reach and frequency. A growing number of clients integrated their activity across airtime, sponsorship, promotions and cross-media solutions.

### DIGITAL RADIO

RTÉ's digital radio stations continued to provide innovative and exciting programmes to their growing audiences in 2012. RTÉjr Radio produced a live transmission and video-cast of Oscar Wilde's *The Happy Prince* with the Donegal Youth Orchestra and Youth Choir. A live illustration workshop for children with the current Laureate na nÓg, Niamh Sharkey, featured on its *Little Pages* programme, and was also video-cast.

Dance station RTÉ Pulse turned to the international stage, securing a portfolio of high-profile syndicated shows and hosting a number of live outside broadcasts (OBs) from European cities, including Zurich, London and Berlin. Increased use of the internet as a signal path for OBs kept both RTÉ 2XM and RTÉ Pulse at the forefront of innovation in broadcasting.

On-air RTÉ 2XM teamed up with the award-winning RTÉ One drama *Love/Hate* for a series of radio programmes that were transmitted directly after the show. Featuring music from the series, the programmes offered discussions with creator Stuart Carolan, director David Caffrey and composer Ray Harman. RTÉ 2XM continued to feature weekly live music recordings from around the world, including content produced by RTÉ and the European Broadcasting Union. Across *RTÉ Big Music Week*, RTÉ 2XM featured live sets in their entirety from the 2012 Electric Picnic and a live broadcast from the Dublin venue *4 Dame Lane* in association with the charity GOAL.

In a move demonstrating both the growing strength of digital radio and a policy of closer links between all of RTÉ's Radio stations, *The Alternative with Dan Hegarty* moved from late-night RTÉ 2fm to mornings on RTÉ 2XM with the first live daily programme airing on digital radio, featuring indie/alternative music and a particular focus on new Irish bands. The programme continues to be repeated nightly on RTÉ 2fm.



IAN MCGLYNN, *CLASSICAL KIDS*,  
RTÉJR RADIO



DAN HEGARTY, DAB RADIO

# 3,160

FULL-TIME EQUIVALENT JOBS  
SUPPORTED BY RTÉ IN THE  
IRISH ECONOMY IN 2012.

[SOURCE PwC EIS 2012]

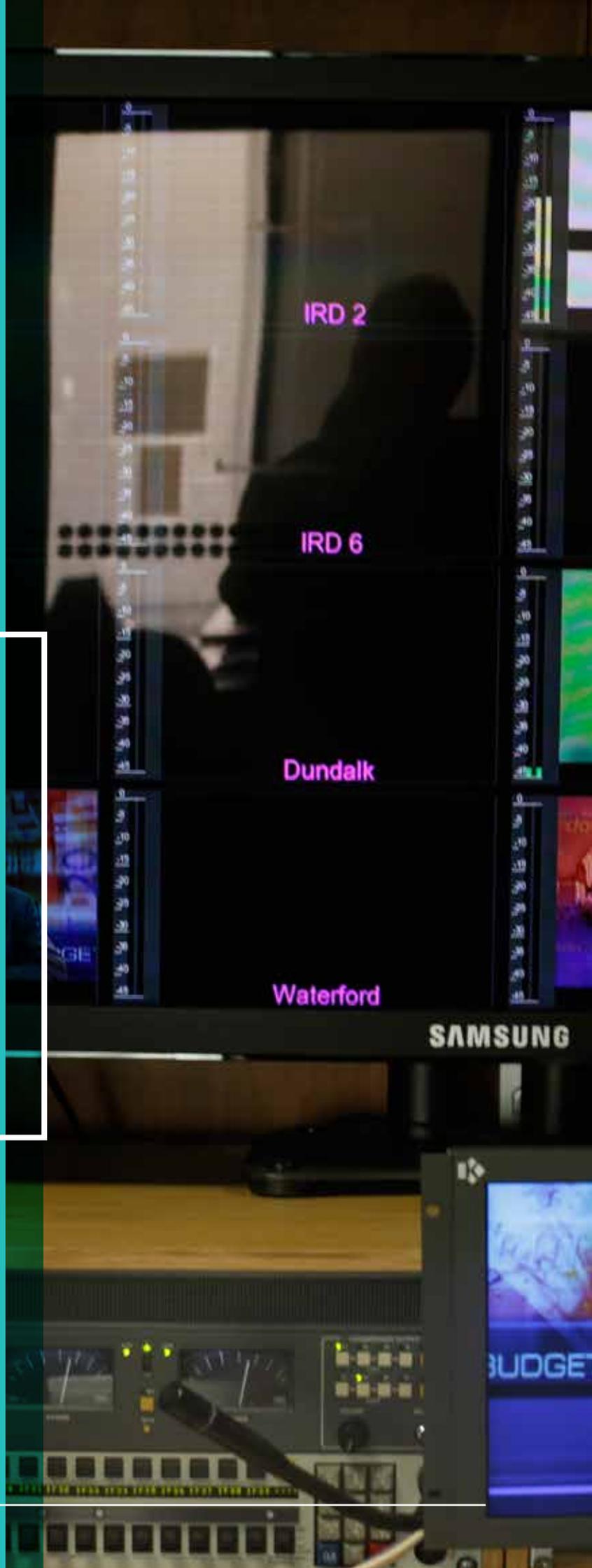




OPERATIONAL REVIEW  
RTÉ News and  
Current Affairs



2012 WAS A YEAR OF  
CHALLENGE AND CHANGE  
FOR RTÉ NEWS AND  
CURRENT AFFAIRS.





The controversies surrounding the *Prime Time Investigates: Mission to Prey* programme and *The Frontline Presidential Election* debate were the subject of a number of inquiries, both internal and external. As a result there was a major re-organisation of RTÉ's coverage of investigative journalism, while editorial guidelines for staff were comprehensively updated. In addition, a new Editorial Standards Board was put in place.

Kevin Bakhurst was appointed Managing Director, RTÉ News and Current Affairs, in July 2012. Other appointments included Deputy Managing Director, RTÉ News and Current Affairs; Managing Editor, RTÉ Television News; Managing Editor, RTÉ Television Current Affairs; Editor of *Prime Time*; and Editor of the new RTÉ Investigations Unit. These changes took place against a background of significant reductions in staffing as a result of RTÉ's Early Retirement and Voluntary Redundancy packages, with many senior journalistic and editorial staff leaving RTÉ.

Editorially, 2012 was a busy year. The first major event of the year was the search from Union Hall for the five fishermen who went missing after their trawler, the *Tit Bonhomme*, disappeared near Glandore Harbour in Cork. The 50th International Eucharistic Congress was held in Ireland for the first time since 1932, and thousands of pilgrims from around the world attended the week-long event. The event was covered extensively by RTÉ News on television, radio, online and mobile.

It was a busy year in politics. The publication of the Mahon Tribunal report, the Fiscal Treaty referendum, protests over the household charge, and the scrapping of the carers' allowance were among the items debated, parsed and analysed across RTÉ programmes and websites. The year ended with another austerity budget and a heated national debate on abortion.



THE TIT BONHOMME



THE MAHON TRIBUNAL REPORT



THE MAHON TRIBUNAL

## OPERATIONAL REVIEW

# RTÉ News and Current Affairs



KATIE TAYLOR WINNING GOLD AT THE OLYMPICS



HURRICANE SANDY

Children and their role in society featured heavily during 2012. This culminated in the Children's Rights Referendum in November. At the end of the year, St James's Hospital was selected as the new site for the Children's Hospital. Earlier in the year, an independent review into the deaths of children who were in the care of, or who were known to, the Health Service Executive, was published. The report, which examined 200 cases over a period of ten years, showed that 112 of the children died from unnatural causes. The public turned to RTÉ for these and other stories.

### FOREIGN

Throughout 2012, the RTÉ team in Brussels provided in-depth coverage of the continuing euro crisis as it affected Ireland and the wider Eurozone. In particular they reported on work by the Irish Government to negotiate a restructuring of the Irish bank debt.

There were reports from Greece and Spain on the continuing slide of the economies of both countries and attendant political upheavals. Among other stories, RTÉ's Brussels bureau also covered the French presidential election, the verdict in the Breivik trial in Oslo, and the Vatican-endorsed symposium on child sex abuse in the Catholic Church.

In the US, much of the year for RTÉ's Washington Correspondent was dominated by the US presidential election race. The election period was busy; just before it a massive storm, Hurricane Sandy, killed more than a hundred people. Richard Downes reported on the chaos and destruction from the areas affected. In December, he travelled to Newtown, Connecticut, to cover the school shooting and its aftermath.

In Mauritius, RTÉ covered the trial of two hotel workers accused of the murder of Michaela McAreavey.

RTÉ reported on the Olympics just before the closure of the London bureau. Since then RTÉ has deployed from Brussels or Dublin to cover stories like the Jimmy Savile scandal and subsequent upheaval in the BBC, and the murder of Irishwoman Catherine Gowing in Wales.

2012 also saw reports on the food crisis in Niger and Burkina Faso, as well as reports from Israel and Gaza as hostilities erupted once again.

### TECHNOLOGY

There were a number of key technological developments in 2012:

#### Centralised News Desk

This involved the integration of the three main RTÉ production systems: iNews, Radioman and Digital/Publishing. This enabled the establishment of a multi-media desk of journalists and the creation of the Centralised News Desk, which operates across all RTÉ radio, television, online and mobile platforms.

#### Avid Interplay Upgrade

The technical documentation, system design and tender process for the new Newsroom Editing System was completed.

#### MoJo Research

A project was undertaken on the viability of using mobile devices, such as smart phones, to acquire and transmit material from remote location. The team in *Nuacht* introduced mobile bonding packs for the freelance engineering crews, allowing them to broadcast live from anywhere a 3G mobile signal was available. In parallel, the newsroom in Dublin installed the latest Quicklink mobile server to allow journalists to broadcast live from their mobile phones.

THROUGHOUT 2012 THE RTÉ TEAM IN BRUSSELS PROVIDED IN-DEPTH COVERAGE OF THE CONTINUING EURO CRISIS AS IT AFFECTED IRELAND AND THE WIDER EUROZONE.

## NUAHT

Lean Nuacht leis an nuálaíocht i rith 2012, ag seoladh an chórais Quicklink, córas a éascaíonn míreanna beo i gcláir teilifíse, ag úsáid cnuasach de cártaí SIM leathanbhanda. Beidh mír bheo inchraolta as áit ar bith a bhfuil comhartha leathanbhanda áirithe ann. Tabharfaidh seo Nuacht chuig áit ar bith sa tír, ar chostas níos lú ná na córais saithilíte.

Phléigh Nuacht freisin le tástálacha ar MoJo, an iriseoireacht shoghluaiste. Seo taifead agus tarchur ábhar físe ar fhóin chliste. Craoladh agallaimh agus radharcanna ar Nuacht a taifeadadh ar fhóin. Buaicphointe na tástála é an chéad tuairisc nuachta MoJo in Éirinn, ag an iriseoir físe Seán Mac an tSíthigh.

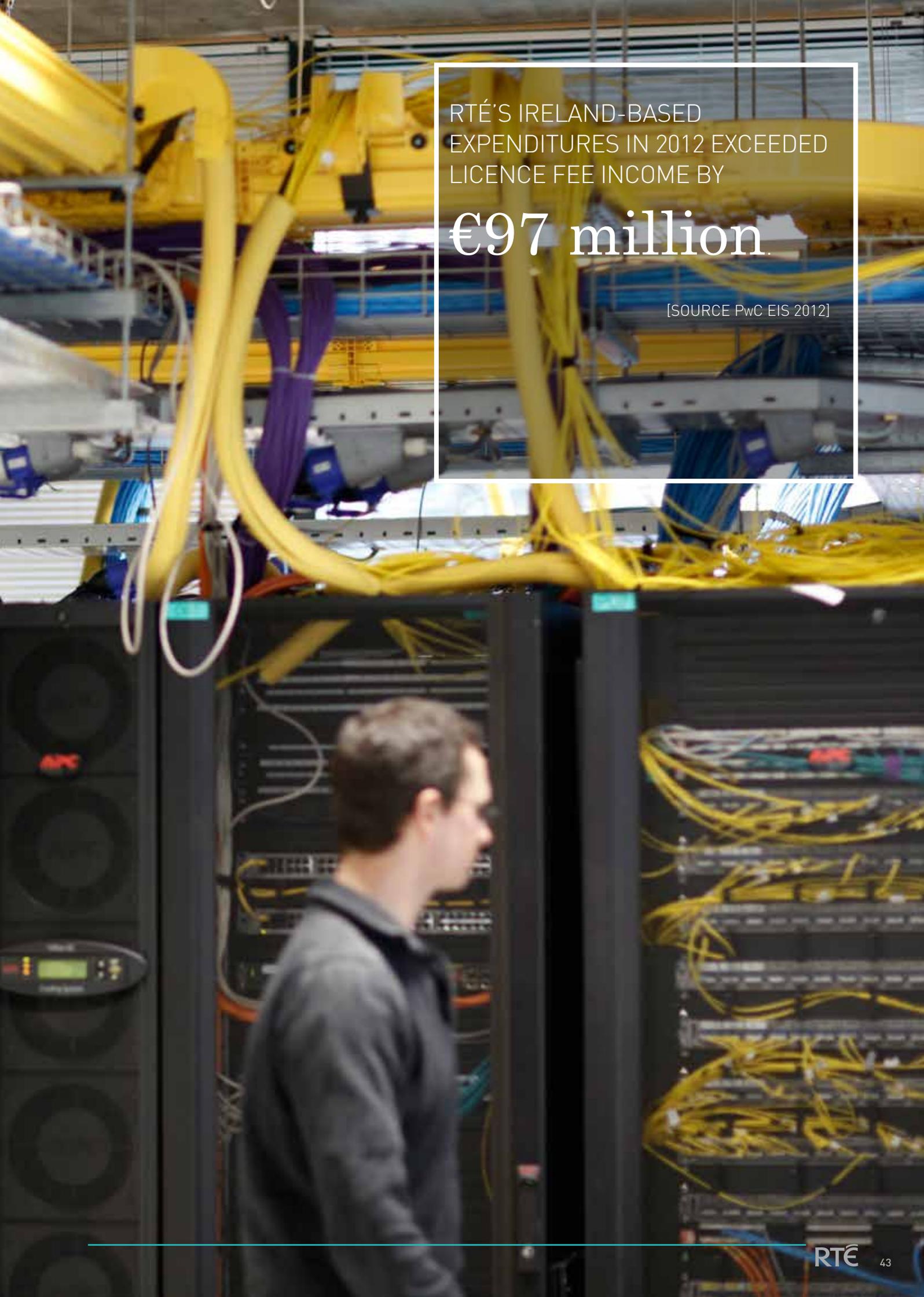
Bhain buaicphointe eile le hriseoir eile físe, Ruairí Mac Con Iomaire, a chlúdaigh Cluichí Oilimpeacha Londain 2012 do Nuacht RTÉ agus Nuacht TG4.

Bhí ardéileamh ag lucht féachana TG4 ar chlár sa tsraith ghearr clár faisnéise a léirigh Nuacht do sceideal Nollag TG4, agus choinnigh an clár siamsúil *An Samhradh Linn* a áit ag croí sceideal samhraidh TG4.

Chomh maith leis an bhfócas ar leith Gaeltachta agus Gaeilge do Nuacht TG4, cuimsíonn Nuacht mórimeachtaí náisiúnta agus idirnáisiúnta. Tugann an t-ardú suntasach i líon na ngeailgeoirí sa Rialtas, i nDáil Éireann agus i Seanad Éireann próifíl ard náisiúnta do Nuacht. Idir theilifís RTÉ agus TG4, agus raidió RTÉ, léiríonn Nuacht uair a chloig de chlár nuachta i nGaeilge.





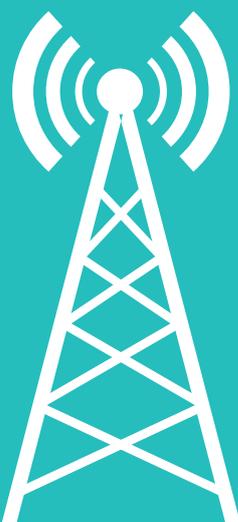


RTÉ'S IRELAND-BASED  
EXPENDITURES IN 2012 EXCEEDED  
LICENCE FEE INCOME BY

€97 million.

[SOURCE PwC EIS 2012]

# OPERATIONAL REVIEW RTÉ Network



THE HIGHLIGHT OF THE YEAR FOR RTÉ TRANSMISSION NETWORK LIMITED (RTÉNL) WAS UNDOUBTEDLY THE COMPLETION OF THE MIGRATION FROM ANALOGUE TERRESTRIAL TELEVISION TO DIGITAL SAORVIEW, AND THE SUCCESSFUL IMPLEMENTATION OF SAORSAT.



36% OF IRISH  
HOUSEHOLDS ACCESS  
THE SAORVIEW SERVICE,  
**558,000**  
CUSTOMERS.

The highlight of the year for RTÉ Transmission Network Limited (RTÉNL) was undoubtedly the completion of the migration from analogue terrestrial television to digital Saorview, and the successful implementation of Saorsat.

When analogue television was switched off on 24 October, for the first time every home in the country had the Irish television and radio services available in-home on a free-to-air basis. The substantial efforts by all the stakeholders during 2011 and 2012 ensured that the migration to Saorview and Saorsat, and the switch-off of analogue television, happened without any major difficulty or incident.

In addition to providing better-quality video, audio and additional services for viewers, the migration to Saorview also liberated valuable radio spectrum for exploitation by the Irish State. In November 2012 this liberated spectrum was sold as part of a ComReg spectrum auction which raised €874 million for the Irish State.

#### COMMERCIAL REVENUE

- Overall RTÉNL generated revenues of €29.4 million, a modest increase on 2011 levels. The level of site hosting demonstrated a modest increase year-on-year.
- There were no significant changes in the local and regional radio market as available capacity in the FM band is now more or less fully utilised.
- Achieving growth year-on-year in the telecommunication business has been challenging as the overall economic situation impacted many businesses.
- The RTÉNL Digital Audio Broadcasting (DAB) radio test service continued in operation in 2012, covering in excess of 50% of the population. In the absence of a national policy and licensing framework for commercial DAB services, the development of the DAB platform beyond this test is unlikely to proceed to a higher level of penetration at this juncture.

- There were, as anticipated, changes in RTÉNL's Television Revenue in 2012 due to the simulcast of Analogue Terrestrial Television (ATT) and Saorview. It is expected that television revenue will stabilise in 2013.

#### OPERATIONS

Reliability of the transmission system was comparable with previous years. Overall availability for analogue terrestrial television and analogue radio services were again all in the order of 99.9% for 2012. Saorview availability also achieved in excess of 99.8% during the year. This was a very satisfactory outcome given the considerable infrastructural works undertaken on the transmission network to facilitate Saorview and analogue switch-off.

#### TELEVISION

The main operational challenge in 2012 was the requirement to facilitate the ongoing reinforcement of the network infrastructure for Saorview. In addition to works on many sites around the country, two very substantial new main masts and antenna systems, at Maghera and at Mount Leinster, were completed and put into service.

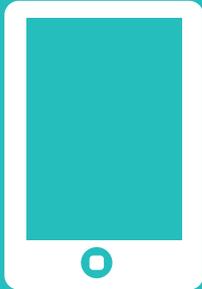
#### RADIO

Radio shares a common infrastructure of masts and buildings with television and, as with television, the main operational challenge in 2012 was the requirement to facilitate the ongoing reinforcement of the network infrastructure for Saorview while causing minimum disruption to live FM services.

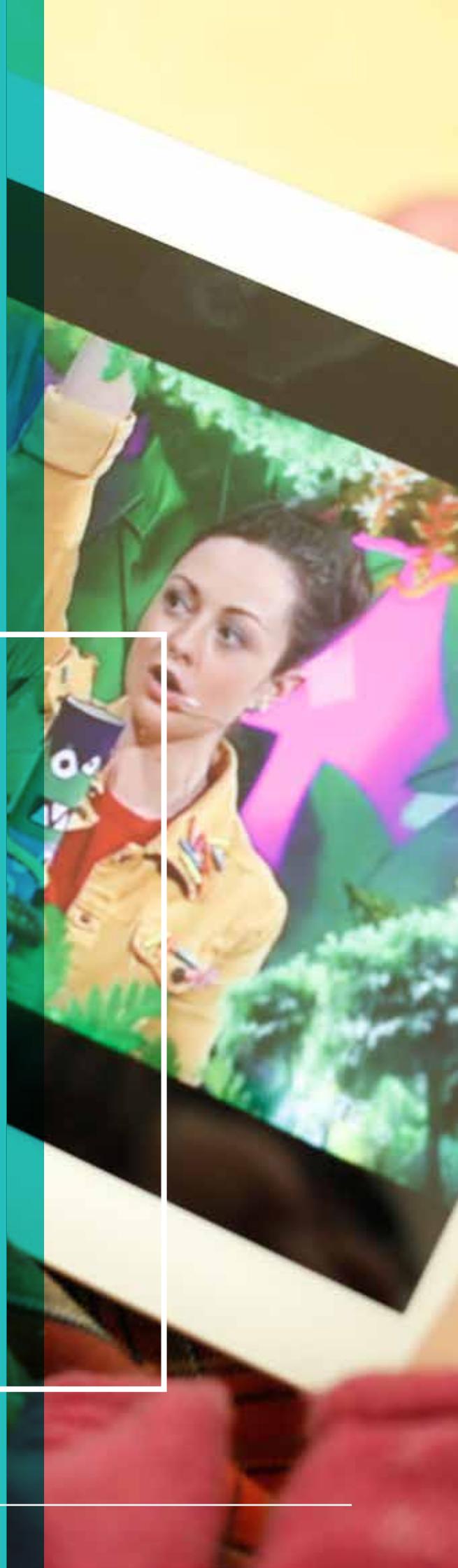


# OPERATIONAL REVIEW

## RTÉ Digital



1. THERE WERE 1.6 BILLION PAGE IMPRESSIONS IN 2012, AN INCREASE OF 16%
2. IN DECEMBER 2012 63% OF ALL PAGE IMPRESSIONS TO RTÉ DIGITAL SERVICES WERE VIA MOBILE SERVICES
3. RECENT RESEARCH HAS IDENTIFIED THAT RTÉ NEWS NOW APP IS IRELAND'S FAVOURITE IRISH NEWS AND ENTERTAINMENT APP. IT HAS BEEN DOWNLOADED 800,000 TIMES SINCE LAUNCH
4. RTÉ AERTEL IS USED BY 1.2 MILLION ADULTS ON A WEEKLY BASIS





Launched in May 2012, RTÉ Digital is responsible for RTÉ's overall digital strategy, as well as six of Ireland's leading digital services: RTÉ.ie, RTÉ Player, RTÉ Radio Player, RTÉ Aertel, RTÉ Archives and the RTÉ News Now App. No licence fee income is utilised to fund RTÉ Digital's commercial operations.

RTÉ Digital's strategy ensures RTÉ content is available wherever and whenever the audience requires – on mobile, tablet, desktop, connected TV, notebook or on a gaming device – while anticipating the future needs of users. RTÉ Digital sees RTÉ play an active role within the digital economy, developing partnerships with industry-leaders, organisations and individuals in the areas of technology, design and content provision.

In 2012 RTÉ Digital implemented a new e-commerce and merchandising strategy to grow revenue via the development of RTÉ's digital distribution business, premium on-demand and new mobile services.

With the creation of the new division in 2012, responsibility for digital editorial activity and content creation transferred into the Television, Radio and News and Current Affairs function so as to encourage the creation of content for digital platforms at the commissioning stage of a programme. This approach has and will result in a more holistic and rewarding experience for the audience.

#### RTÉ.IE

RTÉ.ie remained Ireland's most popular Irish website according to comScore. RTÉ.ie is the home site for many of Ireland's leading online properties, with sections devoted to RTÉ News, RTÉ News Now, RTÉ Entertainment/ RTÉ Ten, RTÉ Sport, RTÉ Life & Style, RTÉ Player, RTÉ Television, RTÉ Radio, RTÉ Orchestras, RTÉ Archives, RTÉ Aertel, RTÉ Radio Player, RTÉ Shop, RTÉjr, RTÉ Weather, RTÉ Digital Blogs and RTÉ Presspack.

#### RTÉ.IE AND MOBILE

Over the past few years there have been significant changes in the sophistication of media devices and their ease of use. Desktop usage is in decline in favour of mobiles and tablets, as demonstrated by RTÉ.ie's statistics,



RTÉ PLAYER ON MOBILE

# OPERATIONAL REVIEW

## RTÉ Digital



RTÉ PLAYER APP.



RTÉ SPORT LAUNCHED A NEW WEBSITE

which show that in 2012 the share of page impressions delivered via mobile services exceeded that of RTÉ.ie. In December 2012 alone, 63% of page impressions were via mobile services. The RTÉ News Now App in particular is the most-used RTÉ mobile service. RTÉ's popular information service, RTÉ Aertel, has witnessed significant mobile growth and usage, registering over 300,000 mobile page impressions per month in 2012.

### WEB HIGHLIGHTS

[www.RTE.ie/drama](http://www.RTE.ie/drama)

RTÉ's new drama hub was launched in 2012, with comprehensive details on RTÉ dramas such as *Love/Hate*, *Raw* and *Revenge*. Covering Radio and Television, it is a one-stop shop for anyone interested in RTÉ Drama.

[www.RTE.ie/lifestyle](http://www.RTE.ie/lifestyle)

RTÉ's Life and Style site was launched in 2012. With 6 million page impressions last year, the site continues to grow in popularity, and includes sections on Food, Fashion, Homes, Travel and Motors.

[www.RTE.ie/sport](http://www.RTE.ie/sport)

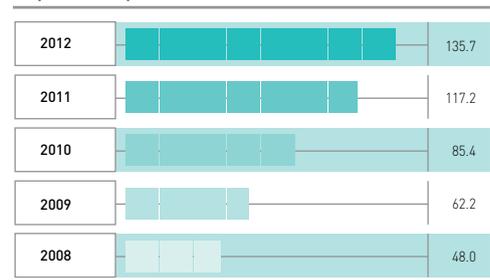
The new sport site featured widespread online coverage of UEFA EURO 2012™, the GAA Championships, the Irish rugby team's trip to New Zealand, the Tour de France, and the London 2012 Olympics. During UEFA EURO 2012™, Adaptive Bitrate Streaming technology was rolled out. This resulted in audiences having the option of a higher quality video experience through a new 1Mb stream.

### RTÉ PLAYER

RTÉ Player is Ireland's leading on-demand and catch-up TV service and now provides the public with free access to over 500 hours of content on any given day, a 50% increase on available content over 2011. RTÉ Player continues to see strong growth with 45.9 million streams requested in 2012, 43% more than in 2011. Research confirmed that RTÉ Player was Ireland's favourite Video on Demand (VOD) service. The RTÉ Player App has also been downloaded 131,000 times internationally, with 15% of streams delivered abroad.

During 2012 RTÉ launched a new-look RTÉ Player. With higher-quality video streaming and improved social media integration, RTÉ Player now offers a superior viewing experience both live, on-demand and across multiple genres. An average of 40% of streams consumed on RTÉ Player are drama and consist of a variety of home-produced, award-winning programmes as well as acquired series.

RTÉ.ie average page impressions per month (millions)



Source: RTÉ

The wide range of drama, comedy, news, sport, entertainment, lifestyle, factual, music, arts, young people, Irish-language and religious content attracts all age ranges. 55% of the Irish user-base is aged 16-34, while the gender split is close to 50:50. (Source Behaviour & Attitudes [B&A] December 2012).

iPhone and iPad apps were updated in October. The introduction of a new 'seamless viewing' feature enabled viewers to enjoy their favourite programmes across a myriad of devices, allowing each device to pick up the programme where the other left off.

RTÉ Player has seen a significant fragmentation in consumption. In December 2011, 89% of streams were requested through the original version; in December 2012, with increased choice, this platform now accounts for 60%. In keeping with RTÉ's 'everything everywhere' policy, RTÉ Player has been rolled-out on additional platforms and is now available in seven distinct formats, namely; desktop, PS3, UPC, iPhone, iPod Touch, iPad and Samsung Smart TVs.

# RTÉ PLAYER IS IRELAND'S LEADING ON-DEMAND AND CATCH-UP TELEVISION SERVICE AND NOW PROVIDES THE PUBLIC WITH FREE ACCESS TO OVER 500 HOURS OF CONTENT ON ANY GIVEN DAY

Separately, from September 2012 a variety of RTÉ Television series were made available to viewers via Netflix, which has over 1 million subscribers in the UK and Ireland.

## RTÉ NEWS NOW

Initially conceptualised as a mobile application, RTÉ News Now continues to evolve as a broadcast and online TV channel. The channel was launched in 2012 on UPC. RTÉ News Now is also available on mobile with a dedicated RTÉ News Now App available internationally. The RTÉ News Now channel on Saorview has seen its weekly reach grow significantly since the digital switchover. It now has the 2nd highest weekly reach of any news channel in Ireland (Source: TAM Ireland). Research conducted during 2012 confirms that the RTÉ News Now App is Ireland's favourite Irish news and entertainment app, downloaded over 800,000 times. 154,000 of these downloads were international, with almost 20% of page impressions from outside Ireland, with the UK and USA being the biggest international audiences. In 2012 a dedicated app was launched for Windows phones.

## RTÉ ARCHIVES

The RTÉ Archives became part of RTÉ Digital in May 2012. The Archives are the central repository for all RTÉ broadcast (Television and Radio) and stills material collected and preserved by RTÉ for nearly a century. It houses the largest collection of audiovisual material in Ireland.

Central to the remit of the RTÉ Archives is to open up the vast wealth of rich historical and contemporary material to the general public, allowing them to experience the Archives from their own home. The new RTÉ Archives site formed a significant part of RTÉ's commitment to open up the RTÉ Archives to the public. Since launching at the end of July 2012, RTÉ Archives have published 18 online exhibitions containing over 1,200 pieces of video, audio, images and documents. RTÉ Archives has completed its commitment under the current phase of EUscreen and published in excess of 1,000 media items to the portal. Meanwhile, 120 classic programmes from RTÉ's back

catalogue were selected, rights cleared, digitised, and streamed monthly to the RTÉ Player across a range of subject matters, grouped by theme. The RTÉ Archives is accessible at [www.rte.ie/archives](http://www.rte.ie/archives).

## RTÉ'S OFFICIAL YOUTUBE CHANNELS

RTÉ's customised YouTube channel had nearly 22 million video views in 2012, with the most popular video, Jedward's Eurovision entry *Waterline*, generating 2.8 million views alone. The [www.youtube.com/rte](http://www.youtube.com/rte) channel is now one of the most popular and most-subscribed YouTube channels in Ireland. 1.8 million clips per month are being watched. Comedy clips performed best, and 57% of these views are from international audiences.

In 2012, RTÉ YouTube provided a forum for the Irish Diaspora and audiences with an interest in Ireland to connect. The top 10 countries who consumed RTÉ content in 2012 were: Ireland, UK, US, Germany, Sweden, Canada, Australia, Poland, France and Spain.

The Gathering Ireland 2013 commenced in August 2012 with a 90-minute concert, *Notre Dame – A Welcome Home*. The concert was simultaneously broadcast on RTÉ One and on the RTÉ YouTube channel and streamed worldwide, enabling anyone with an internet-connected device to tune in and enjoy the event.

RTÉ also operates a number of other official YouTube channels at [www.youtube.com/rteradio1](http://www.youtube.com/rteradio1); [www.youtube.com/rte2fm](http://www.youtube.com/rte2fm); [www.youtube.com/rtelyricfm](http://www.youtube.com/rtelyricfm); and [www.youtube.com/raidionagaeltachta](http://www.youtube.com/raidionagaeltachta).

## RTÉ RADIO ONLINE

For the year 2012 the RTÉ Radio Player experienced an average of 2 million streams per month and the app was downloaded 250,000 times to date.



RTÉ ARCHIVES



RTÉ RADIO PLAYER HAD AN AVERAGE OF 2 MILLION STREAMS

## INTERNATIONAL AUDIENCES

### St Patrick's Day Festival 2012

One of RTÉ.ie's biggest internationally driven events to date, St Patrick's Day 2012 on RTÉ.ie, saw 4.2 million page impressions generated by a worldwide audience across multiple digital services, 21% more than the previous year.

RTÉ's dedicated St. Patrick's Day website [www.RTE.ie/stpatricksdays](http://www.RTE.ie/stpatricksdays) offered users a one-stop shop for all themed content on the day. The RTÉ.ie homepage was redesigned to include a bespoke 'skin' celebrating the event from Thursday to Monday and it generated 1.6 million page impressions across this period.

RTÉ News Now was positioned to include a bespoke St Patrick's Day schedule which included national and international parade coverage, Tourism Ireland's Global Greening event, the user-generated RTÉ documentary *How to be Irish* and entertainment updates featuring Irish celebrities. The stream was available on all international platforms and the service generated almost 100,000 streams, 92% more than in 2011. Of these streams, over half were from an international audience.

### New Year's Eve Live: The Gathering

The New Year's Eve Festival featured The Gathering 2013 with RTÉ One Television ringing in the New Year live from College Green in Dublin. RTÉ Digital distributed the event internationally via multiple digital platforms to encourage overseas interest in the live event.

Audiences at home and overseas were invited to participate in the Dublin celebrations on New Year's Eve through the live RTÉ One programme stream which was simulcast around the world on desktop, mobile and social media.

Coverage from Television (RTÉ One) and Radio (RTÉ Radio 1) was made available internationally on the RTÉ.ie homepage, RTÉ Player, RTÉ Radio Player, RTÉ Player App, YouTube, and through Facebook and Twitter. Almost 69% of the audience to these services on the night were from overseas.

## RTÉ DIGITAL OUT OF HOME (DOOH)

RTÉ DOOH is an out-of-home digital service that displays RTÉ stills, images and text content from RTÉ.ie for use on DOOH platforms. Currently the service is available on the large screens in Pearse St, Heuston and Connolly train stations, as well as Busáras bus station. The service is also available on the screens in the baggage hall of Terminal 1 in Dublin Airport. DOOH bus and train locations have a fortnightly footfall of 1.7 million people. In addition RTÉ News Now is available on 18 screens in Dublin Airport Terminal 1.

## RTÉ AERTEL

During 2012, RTÉ's popular online Aertel service was re-launched.

## MERCHANDISING

There was a decline in traditional DVD sales across the market. RTÉ released a number of DVDs and CDs, including *Love/Hate 3*, *Love/Hate Box Set*, *Best of Republic of Telly*, *The Last Ever Après Match*, *Come West Along the Road 4*, *Waterways*, *Tommie Potts* and *A Murray Christmas*. While average sales for merchandising were down compared to 2011, the sales for *Love/Hate Series 3* and the box set exceeded expectations and performed very strongly in a declining market. RTÉ extended its distribution of programmes into the digital arena in 2012, both nationally and internationally, with distribution of titles such as *Trivia*, *The Clinic*, *Mattie* and *Killinaskully*, amongst others, to Netflix and UPC.

## PROGRAMME AND INTERACTIVE COMPETITIONS

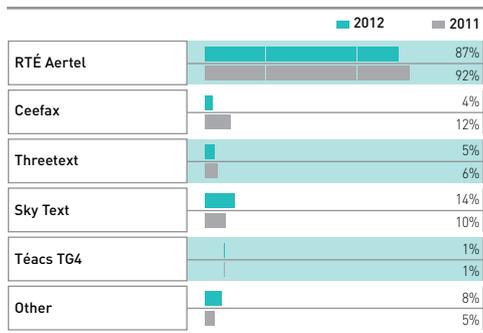
The Programme Interaction and Competitions team continued to develop and manage SMS and IVR services that contained a premium-rate competition charge across RTÉ Television, RTÉ Radio and RTÉ Digital platforms. There were 10.5 million interactions generated in 2012.

ONE OF RTÉ.IE'S BIGGEST INTERNATIONALLY DRIVEN EVENTS TO DATE, ST PATRICK'S DAY 2012 ON RTÉ.IE, SAW 4.2 MILLION PAGE IMPRESSIONS GENERATED BY A WORLDWIDE AUDIENCE ACROSS MULTIPLE DIGITAL SERVICES – 21% MORE THAN THE PREVIOUS YEAR.

### COMMERCIAL

RTÉ Digital revenues experienced strong growth in 2012 against a weak economic backdrop and now constitute 9% of total RTÉ commercial revenues. Online video advertising via RTÉ Player and RTÉ News Now Apps continued to grow strongly throughout 2012. Mobile revenues continue to outperform the average growth in the marketplace. As a result of this, and the increasing percentage of RTÉ Digital traffic emanating from mobile devices, the trafficking of mobile advertising was taken back in-house in the middle of the year, with the aim that RTÉ would also take over direct sales of mobile advertising in 2013. RTÉ also increased our activity in rich media formats across all platforms, which proved very popular in the market. Whilst online revenues grew overall, the third and fourth quarters proved to be quite challenging in that there was no uplift from either the Olympics or UEFA EURO 2012™ Championships and, towards the end of the year, advertisers cut back on their brand spend considerably. This trend was industry wide.

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



Source: TAM Ireland Ltd/Nielsen TAM Establishment Survey







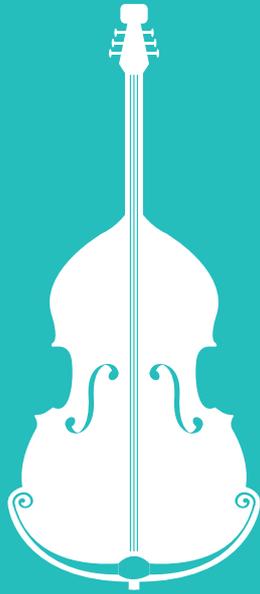
FOR EVERY €1 TV LICENCE  
FEE RECEIVED BY RTÉ IN 2012,  
RTÉ CONTRIBUTED

**€1.93** TO THE IRISH  
ECONOMY, INCLUDING TAXES.

[SOURCE PwC EIS 2012]

## OPERATIONAL REVIEW

# RTÉ Orchestras, Quartet and Choirs



THE RTÉ ORCHESTRAS, QUARTET  
AND CHOIRS COMPRISE FIVE  
ENSEMBLES:

### **THE RTÉ NATIONAL SYMPHONY ORCHESTRA**

(FOUNDED IN 1948)

### **THE RTÉ CONCERT ORCHESTRA**

(FOUNDED IN 1948)

### **RTÉ VANBRUGH QUARTET**

(RTÉ'S QUARTET RESIDENCY IN  
CORK WAS CREATED IN 1959)

### **RTÉ PHILHARMONIC CHOIR**

(FOUNDED IN 1985)

### **RTÉ CÓR NA NÓG**

(FOUNDED IN 1985)



DURING 2012 RTÉ  
ORCHESTRAS, QUARTET  
AND CHOIRS PERFORMED  
TO ALMOST **60,000**  
MORE PEOPLE THAN IN 2011

There are over 350 performers in RTÉ's music ensembles, of which 130 are full-time professional musicians. RTÉ is the single largest supporter and promoter of orchestral music in Ireland, including the presentation of live performances and the commissioning/performance of new music. In addition, the impact of RTÉ's support for live music is seen in the significant number of freelance musicians engaged each year as specialist players, accompanists and nationally and internationally recognised soloists and conductors.

#### OUTPUT AND AUDIENCES

During 2012 RTÉ Orchestras performed to almost 60,000 more people than in 2011. Performing a broad range of high-quality concerts, there were 249 (231 in 2011) live performances and events to 262,750 people (202,879 in 2011). Many of these concerts were made available for broadcast on RTÉ lyric fm and all were designed to serve the public through co-ordinated concert seasons, contemporary music concerts, opera and ballet productions, film music, jazz and contemporary popular music, family concerts, and education and outreach activities. The concert schedules are supplemented with recordings for radio, television appearances, commercial releases and film soundtracks.

RTÉ Orchestras presented 77 education-related performances, workshops and talks/interviews with leading artists and commentators. The Orchestras were heard regularly overseas through the services of the EBU.

#### RTÉ ORCHESTRAS: DIFFERENT ORCHESTRAS, DIFFERENT AUDIENCES

RTÉ Orchestras continued to present distinctive and varied programmes of activities. Each RTÉ orchestra is different, and is defined by its size, the music it performs, the artists with whom it works, and the audiences it reaches.

Both RTÉ orchestras consolidated their relationships with their respective artistic teams and many outstanding concerts were given in 2012. Special mention is merited for performances with soloists such as James Crabb, Claudia Boyle, Celine Byrne, Xavier

de Maistre, Baiba Skride, Tara Erraught, Mark Padmore, Tasmin Little, Finghin Collins, Natalia Gutman, Angela Hewill, Gautier Capucon, Augustine Hadelich and Colin Currie with the RTÉ NSO.

In addition to many excellent performances by Alan Buribayev and Hannu Lintu (RTÉ NSO Principal Conductor and Principal Guest Conductor respectively) a number of guest conductors produced outstanding results in performance, most notably Andrew Litton, Matthew Halls, Patrik Ringborg, Kenneth Montgomery, Fergus Sheil, Michael Francis and Rafael Payare.

Exceptional solo performances with the RTÉ CO included Sinéad O'Connor, Imelda May, Haley Westenra, Lúnasa, Marti Pellow, Karl Jenkins, Danielle de Niese, Kim Kriswell, Katherine Jenkins, Michel Legrand, Monica Mancini, Artur Pizarro, Sharon Shannon and Bill Whelan.

RTÉ CO Principal Conductor David Brophy continued to impress across a wide range of musical genres and Principal Guest Conductor John Wilson produced a string of exceptionally stylish performances, most especially *Hooray for Hollywood*, *Broadway*, *The Golden Age*, *A Celebration of Rodgers and Hammerstein* and *Rodgers and Hart*. Guest Conductors/Directors such as Brian Byrne, Neil Thomson, Michael Seal and Richard Kaufman brought out the unique capacity of this orchestra to perform an exceptionally wide range of music, including *Disney in Concert*, *Pirates of Penzance* (concert version), and *The Music of Dimitir Tiomkin*.

Throughout 2012, RTÉ Orchestras reached significant audiences in special projects and partnerships. These included concerts as part of Dublin City of Science (RTÉ NSO); the Eucharistic Congress in Croke Park (RTÉ CO); New Ross Piano Festival (RTÉ CO); Dublin International Piano Competition (RTÉ NSO); *Tristan and Isolde with Wide Open Opera* (RTÉ NSO); Jameson Dublin International Film Festival (RTÉ CO); and John Ford Summer School in association with IFTA (RTÉ CO).



RTÉ CONCERT ORCHESTRA SIGNATURE SERIES: DANIELLE DE NIESE



INSPIRED BY SHOSTAKOVICH - PICTURED HERE ARE RTÉ NSO VIOLINIST DAVID CLARK WITH MARY CONOR OF BLOW THE DUST OFF YOUR TRUMPET ORCHESTRA

# OPERATIONAL REVIEW

## RTÉ Orchestras, Quartet and Choirs



RTÉ CONCERT ORCHESTRA: *THE LORD OF THE RINGS - THE TWO TOWERS*, THE O2, DUBLIN



PICTURED AHEAD OF THE RTÉ NATIONAL SYMPHONY ORCHESTRA 2012-2013 SEASON OPENING, RTÉ NSO PLAYERS SINÉAD FARRELL (PICCOLO), HELEN MORGAN (DOUBLE BASS) AND ROGER MOFFATT (PERCUSSION) WITH FIVE-YEAR-OLD HAZEL WALSH FROM VICAR STREET



RTÉ NATIONAL SYMPHONY ORCHESTRA AND WIDE OPEN MUSIC PRESENTED THE FIRST PERFORMANCES IN DUBLIN OF *RAIN FALLING UP*, A MODERN ORCHESTRAL, CHORAL AND VISUAL SPECTACLE FOR CHILDREN AND GRAVITY-DEFYING ADULTS

There was a unique collaboration in Belfast between the RTÉ CO and the Ulster Orchestra as part of the Cultural Olympiad. The RTÉ CO performed at a famine remembrance concert in Claremorris.

The RTÉ CO created strong public impact with a number of film screenings, including *The Lord of the Rings: The Two Towers* at the O<sub>2</sub>, *Psycho*, *Academy Award Winners on Screen* and *Casablanca*. The RTÉ NSO reached very large audiences through several facility hires for opera and ballet productions at the Bord Gáis Energy Theatre. Partnerships with RTÉ's broadcast output proved to be enduring, most notably through *RTÉ Big Music Week* and particular relationships between the RTÉ NSO and RTÉ Radio 1's *The John Murray Show (The Three Sopranos)*, and the RTÉ CO tie-ins with RTÉ Radio 1's *The Mooney Show*, *Sunday Miscellany*, and *Nationwide* and *Instrumental* on RTÉ One Television.

In addition to its extensive concert commitments, the RTÉ NSO delivered a wide variety of educational and community activities, including workshops for Leaving Certificate music students and a mentoring programme for some of our most talented third-level music students. *Rain Falling Up* was a community project created by Brian Irvine and John McIlduff involving one thousand school children from Carlow, Meath, Offaly, Dublin, Westmeath and Wicklow; two performances were given by the RTÉ NSO in the National Convention Centre, Dublin. The RTÉ CO arranged trial conducting sessions for promising young maestros.

### RTÉ QUARTET AND CHOIRS

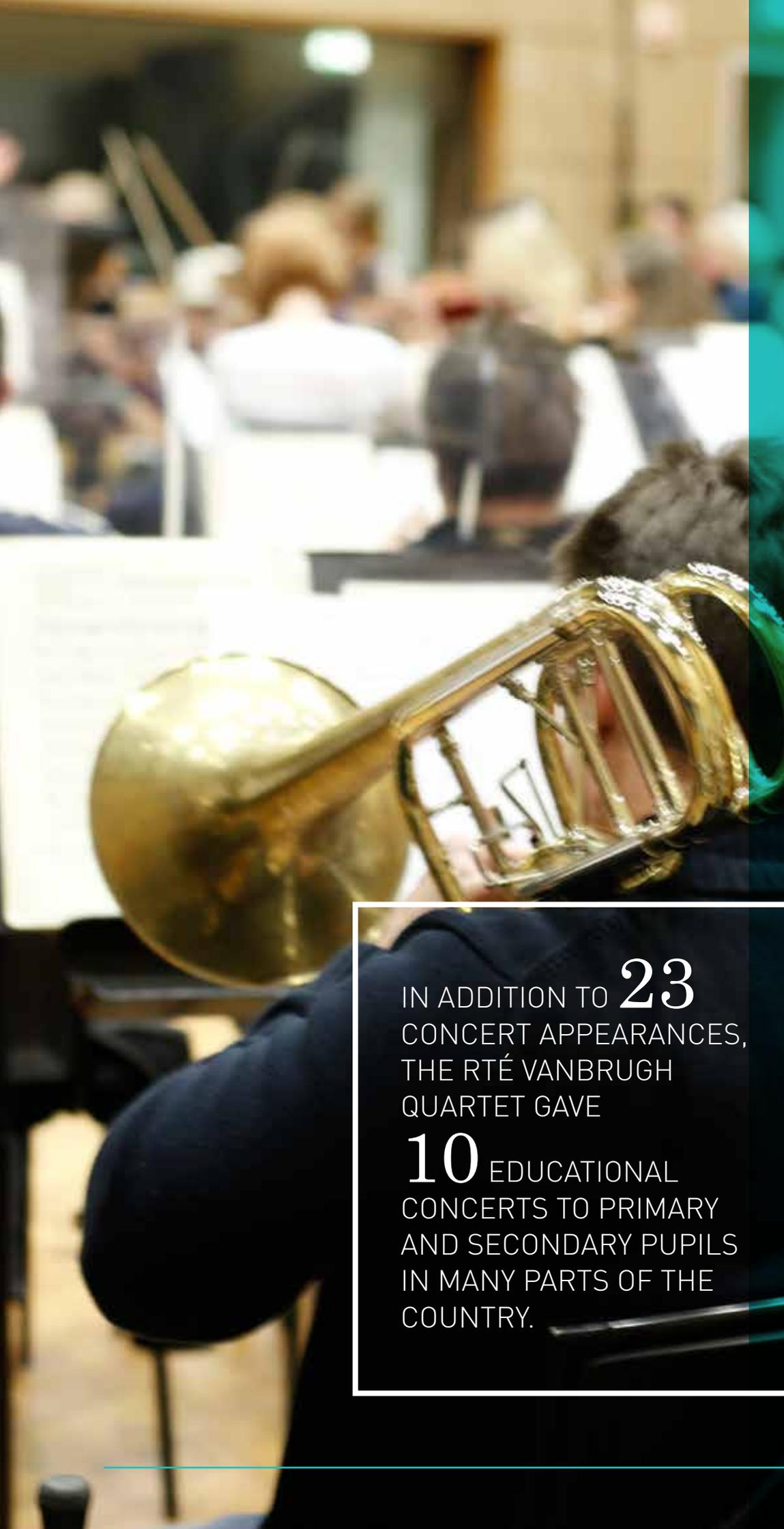
In addition to 23 concert appearances, the RTÉ Vanbrugh Quartet gave 10 educational concerts to primary and secondary pupils in many parts of the country. The Quartet's autumn tour in conjunction with the Music Network was particularly successful and concerts were given in Bantry, Castlebar, Roscommon, Listowel, Cork, Dun Laoghaire, Dublin, Letterkenny, Belfast, Derry and Armagh. The guest viola player was Nobuku Imai. A workshop in conjunction with this tour for students of the Royal Irish Academy of Music (RIAM) was held at the RIAM.

### RTÉ Orchestras contemporary music activities

	2012	2011
World premieres of RTÉ-commissioned works	4	4
Dedicated contemporary music concerts	4	6

### RTÉ Orchestras performances

	2012	2011
Guest Ensembles	2	2
RTÉ Choirs Educational	2	1
RTÉ Choirs General	8	7
RTÉ Choirs Total	10	8
RTÉ VQ Educational	10	2
RTÉ VQ General	23	20
RTÉ VQ	33	22
RTÉ CO Educational	11	22
RTÉ CO General	87	71
RTÉ CO Total	98	93
RTÉ NSO/Phil Choir	5	4
RTÉ NSO Educational	24	19
RTÉ NSO General	77	83
RTÉ NSO Total	101	102
Overall Educational	47	44
Overall General	202	187
Overall Total	249	231



IN ADDITION TO **23**  
CONCERT APPEARANCES,  
THE RTÉ VANBRUGH  
QUARTET GAVE  
**10** EDUCATIONAL  
CONCERTS TO PRIMARY  
AND SECONDARY PUPILS  
IN MANY PARTS OF THE  
COUNTRY.

# OPERATIONAL REVIEW

## RTÉ Orchestras, Quartet and Choirs



RTÉ VANBRUGH QUARTET



RTÉ PHILHARMONIC CHOIR



RTÉ CÓR NA NÓG

### RTÉ Orchestras educational activities

	2012	2011
Open Rehearsals	6	3
Pre-concert Talks	23	28
Workshops etc.	1	20
Educational Performances	47	44
<b>Total Educational Activity</b>	<b>77</b>	<b>95</b>

### RTÉ Orchestras attendances

	2012	2011
Guest Ensembles	1,162	554
RTÉ Choirs Educational	1,000	250
RTÉ Choirs General	3,927	10,414
RTÉ Choirs Total <sup>1</sup>	4,927	10,664
RTÉ VQ Educational	1,345	150
RTÉ VQ General	2,201	2,398
RTÉ VQ	3,546	2,548
RTÉ CO Educational	9,848	18,168
RTÉ CO General	148,752	71,790
RTÉ CO Total <sup>2</sup>	158,600	89,958
RTÉ NSO/Phil Choir	4,479	3,367
RTÉ NSO Educational	17,938	16,098
RTÉ NSO General	72,098	79,690
RTÉ NSO Total	90,036	95,788
Overall Educational	30,131	34,666
Overall General	232,619	168,213
<b>Overall Total</b>	<b>262,750</b>	<b>202,879</b>

<sup>1</sup> RTÉ Cór na nÓg performed with Andre Rieu at the O2 in 2011 (attendance of 8,500). There was no such performance in 2012.

<sup>2</sup> The RTÉ CO performed at the International Eurcharist Congress in Croke Park (June 2012) with an audience attendance of circa. 70,000 - no comparable concert in 2011.

Both RTÉ choirs achieved significant successes in 2012. Mark Hindley was confirmed as Chorus Master, RTÉ Philharmonic Choir, and Mary Amond O'Brien was named Choral Director of RTÉ Cór na nÓg. The RTÉ Philharmonic Choir gave several high-quality performances, most strikingly in Bach's *Christmas Oratorio*, and the *Four Sacred Pieces of Verdi*. Mary Amond O'Brien has succeeded in drawing on the talents of the members of RTÉ Cór na nÓg to produce singing of freshness and variety, with strong audience engagement.

A Choral Conductor-in-Training scheme was instigated in 2012 as a partnership between the RTÉ Philharmonic Choir and the Irish Youth Choir. The first recipient of the award was Lindsey Callaghan.

### ANOTHER CHALLENGING YEAR

All areas of expenditure within RTÉ Orchestras, Quartet and Choirs have been affected by reduced cost bases since 2009. The impact of cuts has not been obvious to the public as we have strived to maintain the scale, range and volume of our promotions.

On a more positive note, the change of name from RTÉ Performing Groups to RTÉ Orchestras, Quartet and Choirs was agreed and implemented. The outcomes were a new name for the division, a new logo suite, a brand essence analysis, a new strap-line and agreement on key marketing frameworks for both orchestras. The Orchestras returned to the homepage of the RTÉ website as a main item on the primary horizontal navigation.

BOTH RTÉ CHOIRS ACHIEVED SIGNIFICANT SUCCESSES IN 2012. MARK HINDLEY WAS CONFIRMED AS CHORUS MASTER, RTÉ PHILHARMONIC CHOIR, AND MARY AMOND O'BRIEN WAS NAMED CHORAL DIRECTOR OF RTÉ CÓR NA NÓG.

The RTÉ NSO applied for and was selected to participate in the DeVos Institute of Arts Management programme which is co-ordinated by Business to Arts on behalf of the Kennedy Centre in Washington.

**COMMERCIAL ACTIVITY**

Commercial revenue in RTÉ Orchestras, Quartet and Choirs was broadly in line with 2011.

**COMMISSIONS AND NEW WORK**

During 2012 RTÉ Orchestras, Quartet and Choirs presented four world premieres of RTÉ commissions by Linda Buckley, Andrew Hamilton, Ronan Guilfoyle and Deirdre Gribbin. Karen Power, Ronan Guilfoyle, Kevin Volans and Garrett Sholdice were the featured Irish composers in the RTÉ NSO *Horizons* series of free lunchtime concerts at the National Concert Hall (NCH). For the second year composers were invited to apply for an RTÉ music commission through a public, criteria-based process; six commissions were issued through this scheme. The RTÉ CO premiered Bill Whelan's *Riverdance – A Symphonic Suite*.

**BUILDING AUDIENCES AND PROFILE**

RTÉ's broadcasting and online services offered RTÉ Orchestras, Quartet and Choirs unique opportunities to extend the experience of live performance. The close relationship between the RTÉ Orchestras and RTÉ lyric fm was critically important. The cost-effectiveness and impact of the streaming of the final of the Dublin International Piano Competition was noted and the live streaming of *Tristan and Isolde* by Platform Ireland illustrated the potential to reach dedicated niche audiences worldwide.

The RTÉ CO recorded a number of CDs including Sharon Shannon's *Flying Circus* and Brian Byrne's *Tales from the Walled City*, which was released worldwide on the Decca label.

Throughout 2012 the RTÉ Orchestras, Quartet and Choirs strove to reach audiences in both conventional and unconventional spaces. *The Irish Times/RTÉ Music in the Classroom* concerts reached over 27,000 young people in 2012.

Several key partnerships enabled new encounters with audiences. External partnerships included the fledgling Wide Open Opera and Wide Open Music, Irish Film Institute, the Jameson Dublin International Film Festival, the NCH, the Arts Council and several local authorities. The RTÉ NSO and RTÉ Cór na nÓg also participated in *Culture Night 2012*.



RTÉ CONCERT ORCHESTRA AND BRIAN BYRNE ALBUM: *TALES FROM THE WALLED CITY*



RTÉ CONCERT ORCHESTRA AND SHARON SHANNON ALBUM: *FLYING CIRCUS*



RTÉ NATIONAL SYMPHONY ORCHESTRA 2012 MENTORING SCHEME FOR ADVANCED YOUNG MUSICIANS: MUSICIANS FROM DUBLIN, CORK, CLARE, FERMANAGH, MEATH AND WICKLOW AND CONDUCTOR RAFAEL PAYARE WHO PERFORMED WITH THE RTÉ NSO ON FRIDAY 30 NOVEMBER 2012 AT THE NATIONAL CONCERT HALL





# OPERATIONAL REVIEW OTHER ACTIVITIES

THE RTÉ GUIDE CONTINUED TO BE THE NUMBER ONE PAID-FOR LISTINGS MAGAZINE IN IRELAND AND IS BUILDING TOWARDS ITS AIM TO BECOME A PREMIUM ENTERTAINMENT AND LIFESTYLE MAGAZINE.



# 2012 WAS THE RTÉ GUIDE'S 50th YEAR AND THIS WAS MARKED WITH A SERIES OF REPLICA EDITIONS FEATURING CONTENT FROM PAST DECADES.

## RTÉ GUIDE

Against a background of declining sales and a challenged print industry, RTÉ Guide operations were rationalised further to reduce the cost base. A new editor was appointed in May 2012 and the magazine remains focused on maintaining its position as the number one choice for consumers in Ireland.

2012 was the RTÉ Guide's 50th year and this was marked with a series of replica editions featuring content from past decades. Throughout the year there were other key promotional initiatives to deliver incremental sales as well as value to readers. These included free CD and DVD giveaways, WeightWatchers magazines, recipe collections, a Euro 2012 poster and the RTÉ Guide's annual RTÉ Weather Calendar.

The RTÉ Guide attended the National Ploughing Championships and the Tall Ships event with its 'Become a Star for the Day' road show, where more than 5,000 event attendees had their photo taken and inserted on their very own RTÉ Guide commemorative cover.

The RTÉ Guide faced another challenging year in a continuing turbulent magazine market. Circulation sales fell further in 2012 due to continuing market contractions at retail level and an overall decline consistent with the total print market. Overall circulation for the RTÉ Guide in 2012 was an average of 61,881 weekly copy sales (ABC 2012) down from 74,382 in 2011 (ABC 2011), which was in part due to the removal of 4,200 free copies supplied to hotels. However readership figures stabilised somewhat and showed only a marginal 2.5% decrease year-on-year from 517,000 adult readers (TGI 2012) to 504,000 adult readers (TGI 2011).

The overall print industry remains challenging with a decline in sales in all areas and increased competition from on-line competitors. Notwithstanding this, the magazine retains a loyal audience and remains well ahead of its nearest competitors.

## SAORVIEW

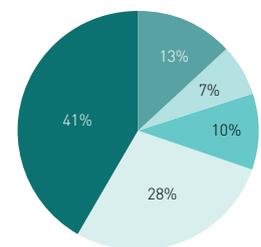
Ireland converted to digital television at 10.00 am on the 24th October 2012 after an eighteen month campaign by Saorview. The switch to digital represented the biggest change in the Irish television marketplace since the launch of RTÉ Television in 1962 and was equivalent to the Euro changeover in terms of the breadth of the public information campaign required. The Saorview campaign was executed by RTÉ's Director of Digital Switchover, Mary Curtis, and a small team of RTÉ staff.

Following an extensive public information, marketing and retail campaign, Ireland ultimately made the transition to digital television very smoothly. By the close of the campaign there was near universal brand awareness of the new service at 93%. Within a short time of the switch-off of the analogue service, the proportion of homes that elected Saorview as their television service was the same as that of analogue, confirming that the campaign messages had been received and understood by the target demographic and that free-to-air television remained a viable and popular choice within the Irish television market.

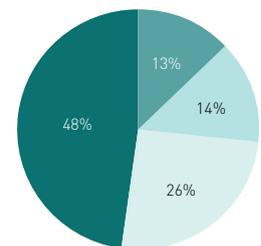
By January of 2013, 558,000 households had the Saorview service. The proportion of Irish homes with free digital TV after ASO is now the same as those with free analogue TV pre-switchover.

The digital free-to-air platform offers a better quality signal and a greater range of channel choice than its analogue predecessor and there are plans to develop the service further over the years ahead. The conversion to digital will enable the country to make a much more efficient use of its communication spectrum for developing national broadband and advanced mobile technology services. Arising from the digital switchover the Government was able to auction the communication spectrum, raising €874 million.

TV Homes by Primary Reception Type  
2011 - May: Pre Switchover



2013 - Jan: Post Switchover







# BOARD



## 1. TOM SAVAGE, CHAIRMAN

Term of office: 24 February 2009 – 31 August 2014

Directly after graduation from Queen's University, Belfast, Tom was appointed Head of Social Welfare for the Archdiocese of Armagh.

He was then head-hunted to lecture in the Catholic Communications Centre, and on leaving the priesthood began a career in journalism and as a radio and TV presenter. For fifteen years a familiar voice on RTÉ's *What It Says in the Papers*, he was the first editor of *Morning Ireland*. He edited several publications, including the *IPA's Public Affairs* and launched the IMO's *Irish Medical News* before joining Bunny Carr as Head of Training in Carr Communications. Inter alia he was involved in the training of Irish civil servants in Performance Management and Development Systems. He has advised the Northern Ireland Human Rights Commission, Save the Children (NI) and the Children's Law Centre in Belfast. He is the author of the book on negotiation entitled, *How to Get What You Want*.

## 2. FERGUS ARMSTRONG

Term of office: 24 February 2009 – 31 August 2014

Fergus Armstrong is a mediator. He is a panel member of ONE~resolve, an interdisciplinary mediation grouping. His previous career was in law practice, first with the family firm now named Hegarty and Armstrong, Sligo, then as company solicitor with Aer Lingus. He later joined the firm of McCann FitzGerald, where he served as a partner in corporate law practice, then as managing partner and chairman. His mediation work encompasses disputes involving business and institutions, as well as conflict between individuals. He contributes occasional journal and newspaper articles and has an interest in philosophy, psychology and theology. He was educated at Castleknock College, University College Dublin and Harvard Law School.

## 3. ORLAITH CARMODY

Term of office: 16 February 2010 – 16 February 2015

Orlaith is a journalist, producer and communications consultant. She was a staff reporter in the RTÉ Newsroom throughout the 1990s, leaving to raise her family and develop business interests in the areas of recruitment, management and media consultancy. She is a Director of Mediatraining.ie, a communications skills consultancy, and has a particular interest in personal development, coaching people from all walks of life to achieve business and personal success. She is also a Director of HRM Recruit and Ablevision Ireland, a small independent production company. She holds an MA in Film and Television from Dublin City University.

## 4. NOEL CURRAN, DIRECTOR-GENERAL

Noel was appointed Director-General of RTÉ with effect from 1 February 2011.

Noel is a graduate of Communication Studies from Dublin City University (DCU), where he undertook specific research work on broadcasting policy issues. After leaving DCU, he worked as a business journalist before being appointed News Editor of *Business and Finance* magazine.

In 1992 Noel left *Business and Finance* to join RTÉ's business and economics programme *Marketplace*. Having trained as a television producer, Noel was responsible for some of RTÉ's biggest live productions in the Entertainment and Current Affairs departments.

In 2000, he left RTÉ to become a director of an independent production company. He returned to take up the position of Editor of Current Affairs, where he was responsible for the launch of the *Prime Time Investigates* series. In 2003 Noel was appointed Managing Director of Television, the largest division in RTÉ, with responsibility for all television output on RTÉ One and RTÉ Two, and for RTÉ Television's commercial income and sports rights negotiations. Noel remained as Managing Director of Television until May 2010.

## 5. ALAN GILSENAN

Term of office: 24 February 2009 – 31 August 2014

Alan is a film-maker, writer and theatre director. He is a former Chairman of the Irish Film Institute and was a Board Member of the Irish Film Board/ Bord Scannán na hÉireann and the International Dance Festival Ireland. His many films include *The Road To God Knows Where*, *All Souls' Day*, *Zulu 9*, *The Green Fields of France*, *The Ghost of Roger Casement*, *Timbuktu* and *The Yellow Bittern* as well as the documentary series *The Asylum*, *The Hospice* and *I See A Darkness*.

## 6. KARLIN LILLINGTON

Term of office: 24 February 2009 – 31 August 2014

Karlin is a journalist and columnist with *The Irish Times* focusing on technology, with a special interest in the political, social, business and cultural aspects of information and communication technologies. She has been a contributor to a wide range of Irish and international publications. She has also worked as a consultant to U2 for the U2.com website, and is on the advisory panel for the Science Gallery at Trinity College and for TEDx Dublin. She holds a PhD from Trinity College.

## 7. JOE LITTLE

Term of office: 30 September 2009 – 31 August 2014

Joe has been a journalist since 1977, principally with RTÉ. Reared in Belfast and Limerick, his reporting from Northern Ireland helped RTÉ win an Emmy nomination. He has been honoured by the Republic's Law Society and the disability lobby Inclusion Ireland. Joe is RTÉ's Religious and Social Affairs Correspondent.

## 8. SEAN O'SULLIVAN

Term of office: 24 February 2009 – 31 August 2014

Sean is founder and Managing Director of Cork-based software consultancy firm Seabrook Research Limited. He is also Chairman of the Business Information Systems Advisory Board at University College Cork and a mentor of the Masters programme at the university. Formerly Vice Chairman of the Broadcasting Complaints Commission, Sean is also an investor in a number of technology start-up companies.

## 9. PATRICIA QUINN

Term of office: 24 February 2009 – 31 August 2014

Patricia is the founder and CEO of Irish Nonprofits Knowledge Exchange (INKEx), a non-profit company established in 2009. She was formerly a public servant, serving as cultural director of Temple Bar Properties, as executive director of the Arts Council, and as a member of various public bodies including the Newspaper Commission and the Forum on Broadcasting.

## 10. AILEEN O'MEARA

Term of office: 16 February 2010 – 16 February 2015

Aileen is an independent producer and journalist, living in Dublin. Born in Roscrea, Co. Tipperary, she grew up near Shinrone, in Co. Offaly. Educated at NUI Galway, she subsequently received a Masters Diploma in Journalism from Dublin City University in 1986. She worked as a reporter in *Magill* magazine, *The Irish Press*, and *The Sunday Tribune* before joining RTÉ as a reporter in 1991. During her 13 years at RTÉ, she worked as a radio reporter, radio producer and TV news correspondent, receiving a number of awards for her broadcast news work. She is an independent radio producer and journalist with her production company Aileen O'Meara Media, based in Deansgrange, Co. Dublin.



## 11. EUNICE O'RAW

Term of office: 16 February 2010 – 16 February 2015

Eunice is a graduate of University College Dublin, achieving a Masters Degree in Economics and later obtaining a further Masters Degree in Economics from Trinity College Dublin.

Eunice is a barrister by profession and was called to the Bar in 1996. She was appointed as Junior Counsel to the Tribunal of Inquiry into Certain Planning Matters and Payments in July 1998. In March 2011, she was appointed Director of Legal Affairs in the HSE.

Eunice is a former Chairperson of the Mental Health Tribunals of the Mental Health Commission and Chairperson of the Garda Disciplinary Board.

Eunice lectured in Trinity College and the Kings Inns in Competition Law, in Economics in University College Dublin, in Financial Mathematics and Econometrics at the National College of Ireland and was visiting Professor of Irish Constitutional Law for Quinnipiac University's Summer School. She is an accredited mediator and has a special interest in conflict resolution processes.

## 12. STUART SWITZER

Term of office: 16 February 2010 – 16 February 2015

Stuart is a television producer and has been producing television programmes for the past 25 years across factual and entertainment genres for RTÉ, BBC and many other broadcasters.

He is a founding director of Coco Television and Managing Director of Coco Television since 1998. Stuart is co-ordinator and producer or executive of numerous Coco productions. Stuart is the driving force behind Coco Television's interest in digital media, publishing and events. Stuart's background in finance was the reason Coco joined the group that created YMITV back in 2001, the first UK online financial channel.

He is a former board member of Screen Producers Ireland and has contributed to many media industry reports over the last ten years.

Stuart was principal of Switzer & Co., Financial Advisors and Management Consultants, for ten years prior to joining Coco Television.

## BOARD ATTENDANCE

There were thirteen meetings of the Board of RTÉ in 2012. The attendance of board members is outlined below:

	Meetings Eligible to Attend	Meetings Attended
Tom Savage	13	13
Fergus Armstrong	13	13
Orlaith Carmody	13	13
Noel Curran	13	13
Alan Gilsean	13	12
Karlín Lillington	13	12
Joe Little	13	13
Aileen O'Meara	13	12
Eunice O'Raw	13	11
Sean O'Sullivan	13	12
Patricia Quinn	13	11
Stuart Switzer	13	13

Two meetings fell outside the normal calendar of scheduled Board meetings and were arranged at relatively short notice.

## BOARD COMMITTEES

### Audit and Risk Committee

There were eleven meetings during 2012, attended as follows:

	Meetings Eligible to Attend	Meetings Attended	Appointed to the Committee
Sean O'Sullivan (Chairman)	11	11	10 March 2009
Karlín Lillington	11	9	13 December 2010
Eunice O'Raw	11	9	25 February 2010
Stuart Switzer	11	10	25 February 2010

### Editorial and Creative Output Committee

There were four meetings of the Editorial and Creative Output Committee in 2012, with full attendance:

	Meetings Eligible to Attend	Meetings Attended	Appointed to the Committee
Alan Gilsean (Chairman)	4	4	10 March 2009
Fergus Armstrong	4	4	10 March 2009
Orlaith Carmody	4	4	25 February 2010
Aileen O'Meara	4	4	25 February 2010
Patricia Quinn	4	4	12 January 2010

### Remuneration and Management Development Committee

Five meetings were held during 2012. The meetings were attended as follows (full attendance at each meeting):

	Meetings Eligible to Attend	Meetings Attended	Appointed to the Committee
Tom Savage (Chairman)	5	5	10 March 2009
Fergus Armstrong	5	5	10 March 2009
Sean O'Sullivan	5	5	10 March 2009

### Technology and Innovation Committee

One meeting of the Technology and Innovation Committee was held during the year, attended as follows:

	Meetings Eligible to Attend	Meetings Attended	Appointed to the Committee
Karlín Lillington (Chairman)	1	1	22 April 2010
Aileen O'Meara	1	1	20 May 2010
Sean O'Sullivan	1	1	22 April 2010

# EXECUTIVE



### 1. NOEL CURRAN, DIRECTOR-GENERAL

See biographical note on page 66.

### 2. KEVIN BAKHURST, MANAGING DIRECTOR, RTÉ NEWS AND CURRENT AFFAIRS

Kevin Bakhurst was appointed Managing Director of RTÉ News and Current Affairs in July 2012. Kevin previously oversaw BBC News on TV, Radio and Online. Formerly Controller of the BBC News Channel, he was also editor of the BBC Ten O'Clock News. He was a member of the BBC's London 2012 Olympics management team and on the BBC Director General's leadership group.

He was born in Barnet in North London and studied Modern Languages at St John's College, Cambridge.

### 3. BRIAN DALTON, MANAGING DIRECTOR, CORPORATE DEVELOPMENT.

Brian joined RTÉ as Managing Director of Corporate Development in March 2009.

He holds a Masters in Management from Trinity College Dublin. Prior to joining RTÉ, Brian held senior director positions in both Operations and HR functions. He has worked primarily in multinational companies such as GE, Intel, Becton Dickinson and more recently in Financial Services, primarily relating to change management in the context of mergers and acquisitions.

### 4. CLARE DUGNAN, MANAGING DIRECTOR, RTÉ RADIO

Clare was appointed Managing Director of Radio in February 2009. In addition she oversees RTÉ Orchestras, Quartet and Choirs. A History and Politics graduate of University College Dublin, Clare has held a range of positions in both RTÉ Television and RTÉ Radio, including Head of Features Television, Head of Production, Television, and Director of Programmes, Television.

Clare is a Board Member of the Jameson Dublin International Film Festival, Business to Arts, and the National Film School Advisory Board. She previously served on The Arts Council, the Advisory Council of the Abbey Theatre and the governing body of Dun Laoghaire Institute of Art, Design and Technology.

### 5. GLEN KILLANE, MANAGING DIRECTOR, RTÉ TELEVISION

Glen joined the RTÉ Executive Board as Managing Director of Television in May 2010. Glen was born in Dublin and attended Catholic University School and Trinity College Dublin before taking a Masters in Journalism at Dublin City University. Glen first joined RTÉ Television in 1996 and has produced, edited and directed a wide range of programming since then.

From 1998 to 2000, he was editor of Rugby, after which he took on the role of editor of *The Sunday Game*. In 2001, he joined ITV's sports channel where he edited live football. In 2002 he re-joined RTÉ and edited international soccer and in 2003 he was Executive Producer for *The Special Olympics World Games*, the biggest sporting event of the year in Ireland.

Glen was appointed Head of Sport in RTÉ Television in 2004, where he was central to securing major rights contracts with the GAA, Champions League, FAI, Six Nations, Magners League and UEFA.

### 6. MÚIRNE LAFFAN, MANAGING DIRECTOR, RTÉ DIGITAL

Múirne Laffan was appointed Managing Director of the newly formed RTÉ Digital in October 2011. Born in Dublin, Múirne is a graduate of the College of Marketing at Dublin Institute of Technology. She started her career in advertising in London before joining McCann-Erickson Worldwide (NY), in 1991. Múirne was part of the leadership team that created Universal McCann, where she held the position of SVP, Director of Worldwide Clients.

Múirne returned to Ireland in 2001 to join RTÉ, first as General Manager of RTÉ Commercial Enterprises Limited and then as Executive Director of RTÉ Publishing. Múirne led the team which created a successful portfolio, including RTÉ News Now, RTÉ Player, RTÉ Ten and RTÉ Aertel Digital, amongst others.

Múirne now has responsibility for driving the digital strategy across RTÉ and for the delivery of on-demand content to RTÉ audiences.

### 7. BREDA O'KEEFFE, ACTING CHIEF FINANCIAL OFFICER, RTÉ

Breda O'Keeffe was appointed Acting Chief Financial Officer in September 2012 following the retirement of Conor Hayes. A native of Kilkenny, she studied at Waterford Institute of Technology and is a Fellow of the Institute of Chartered Accountants in Ireland.

Prior to joining RTÉ in 2002, she held senior finance positions in GPA, GE Capital Aviation Services, JetPhone, GE Insurance Services and Halifax Bank of Scotland and was instrumental in the set-up of GE Insurance Services and Halifax Insurance Ireland in Shannon.

In 2003 Breda was appointed Finance Director of RTÉ Television, where she was a member of the Television IBD Board and Television Programme Strategy Group.

### 8. WILLIE O'REILLY, GROUP COMMERCIAL DIRECTOR, RTÉ

Willie O'Reilly joined RTÉ as Group Commercial Director in January 2012. A graduate of University College Dublin, he was the Executive Producer of *The Gerry Ryan Show* on RTÉ 2fm for over ten years.

Willie was Chief Executive of Today FM between 1999 and 2011, where he was responsible for delivering increases in audiences and revenue while establishing Today FM as a strong brand within the Irish media landscape. During his time there he managed changes of ownership from private individuals to Scottish Radio Holdings to Emap Plc and now Communicorp Ltd.

A former President of the Institute of Directors, he recently graduated as a Chartered Director. Willie was a board member of the Health Service Executive 2009/2010 and a member of that organisation's Audit Committee. He has also served as Chairman of Independent Broadcasters of Ireland.

### 9. RICHARD WAGHORN, CHIEF TECHNOLOGY OFFICER, RTÉ

Richard joined RTÉ as Chief Technology Officer in February 2012. Richard holds an MBA from Henley Management College and is a graduate of the University of Leeds.

Between 2009 and 2011 Richard was Chief Technology Officer at the South African Broadcasting Corporation. Prior to that Richard was Controller of Distribution at the BBC for four years, leading the implementation of digital switchover. At the BBC he worked across a number of areas including strategy, new media, distribution and radio production.

Richard was a Board Director of Freesat and project manager for the launch of Freeview in 2002 in the UK.

# CORPORATE GOVERNANCE

## FOR THE YEAR ENDED 31 DECEMBER 2012

Members of the Board of RTÉ are committed to maintaining the highest standards of corporate governance and business conduct. *The Broadcasting Act 2009* requires members to have experience of, or capacity in, matters relevant to the oversight of a public service broadcaster (Section 82). Each member of the Board must also perform his or her functions in such a manner as to ensure that the activities of RTÉ, in pursuance of its statutory objects, are performed efficiently and effectively (Section 87).

RTÉ complies with the *Code of Practice for the Governance of State Bodies*, published by the Government on 15 June 2009. The Code sets out principles of corporate governance which Boards of State Bodies are required to observe. This includes governance practices and procedures in a broad range of areas such as the Board and its remuneration; risk management, accountability and internal control; reporting arrangements, including annual report and accounts; and a range of other specific financial control procedures. Further information on these areas, is set out in the remainder of this section of the Annual Report.

The Chairperson of the Board confirms annually to the Minister for Communications, Energy and Natural Resources that the governance practices and procedures in RTÉ are in compliance with the *Code of Practice for the Governance of State Bodies*.

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*.

RTÉ conforms, in as far as is feasible and on a voluntary basis, with the provisions of the June 2010 *UK Corporate Governance Code* ('the Code') and the *Irish Corporate Governance Annex* ('the Annex').

Companies listed on the Irish Stock Exchange are required, as part of the listing rules, to describe how they apply the principles of the Code and the Annex. RTÉ is a statutory corporation, originally established under the *Broadcasting Authority Act, 1960* and continued by the *Broadcasting Act, 2009* and, accordingly, is not obliged to comply with the Code or the Annex. However, RTÉ supports the principles and provisions of the Code and the Annex and has undertaken appropriate steps to achieve compliance with the requirements where relevant to RTÉ. The following exceptions from the Code and the Annex are applicable:

- The Board of RTÉ is appointed by and its remuneration is set by Government. Consequently, the requirements of the Code and the Annex relating to the appointment of Board members (including the timing of their appointment, re-elections, the composition of the Board and the remuneration of Board members) are not applicable to RTÉ. As Board members are appointed under the *Broadcasting Act 2009*, RTÉ does not have a Nomination Committee.
- 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 not applicable.
- RTÉ's policies and disclosures in relation to the remuneration of the Director-General are in accordance with applicable Government guidelines.

- The details of Board members' remuneration on page 74 do not include amounts paid to Board members in their capacity as employees (where applicable) as required by the Companies Act, but disclose any amounts paid to them by way of fees for their services as members of the Board, in circumstances where fees are applicable.
- The Board has not appointed one of its members as a Senior Independent Board member as the *Broadcasting Act 2009*, which governs the appointment of Board members, makes no such stipulation.
- As the Government is responsible for appointing members of the Board, the Board does not consider it a requirement to evaluate the individual performance of the Board and its Chairman. However, the Chairman continuously assesses the effectiveness of the Board and the participation of its members. In this regard, and as explained in later sections of this report, the Audit and Risk Committee is currently finalising a self-evaluation of its effectiveness and the Board completed a self-evaluation of the Board and how it operates.
- The terms of reference of the Remuneration and Management Development Committee are not posted on the RTÉ.ie website, as required by the *UK Corporate Governance Code*. A review of the terms of reference is currently in progress and the updated document will be posted on RTÉ.ie when this is complete.

### THE BOARD OF RTÉ

#### Composition

Members of the Board of RTÉ are appointed under Section 81 of the *Broadcasting Act 2009* for a period not exceeding five years. The Act provides for a twelve member Board, to be appointed by the Government as follows:

- Six members are appointed on the nomination of the Minister for Communications, Energy and Natural Resources;
- The Oireachtas Joint Committee on Communications, Energy and Natural Resources proposes four members to the Minister;
- The Director-General of RTÉ is an ex officio member; and
- One member of RTÉ staff is appointed following election.

The Government appoints one of the members to act as Chairperson. The *Broadcasting Act 2009* also provides for gender balance in the composition of the Board by requiring that its members include no fewer than five men and five women. (There are currently five women and seven men on the Board of RTÉ.)

Biographical details of the twelve members of the Board in office at 31 December 2012, including details of their terms of office, are set out on pages 66-67.

#### ROLE

The duties of Board members are set out in Section 87 of the *Broadcasting Act 2009*. In summary, Board members guide the corporate direction and strategy of RTÉ and represent the interests of viewers and listeners, ensuring that RTÉ fulfils its statutory responsibilities in an efficient and effective manner.

Board members have varied backgrounds, skills and experience in a broad range of business areas relevant to the oversight of a public service broadcaster. The criteria

for Board membership are set-out in Section 82 of the *Broadcasting Act 2009*. The criteria include matters such as: media affairs, public service broadcasting, broadcast content production, digital media technologies, business or commercial affairs, legal or regulatory affairs and matters pertaining to the development of the Irish language. Each member brings independent judgement to bear by constructively challenging the Executive and by helping to develop RTÉ's strategic objectives.

There is a clear division of responsibilities between the position of Chairperson of the Board, 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 Chairperson's responsibilities include leading the Board, determining its agenda, ensuring its effectiveness and facilitating full participation by each Board member.

The Chairperson of the Board and executive management meet frequently with the Department of Communications, Energy and Natural Resources to discuss RTÉ's operating and financial performance.

#### BOARD PROCEDURES

On appointment, all Board members are provided with briefing documents on RTÉ and its operations. The Board meets in accordance with a regular schedule of meetings – monthly, with the exception of August – and may also meet on other occasions as deemed necessary. All Board members have full and timely access to the information necessary to enable them to discharge their duties. Full Board papers are sent to each Board member in sufficient time before Board meetings and any further papers or information are readily available to all Board members on request.

Board members have access to advice and the services of the RTÉ Group Secretary who is responsible for ensuring the Board procedures are followed and that applicable rules and regulations are complied with. RTÉ's professional advisors are available for consultation with the Board, as required. Individual Board members may take independent professional advice and training, if necessary, at the expense of RTÉ. The Board has an insurance policy in place which indemnifies Board members in the event of legal actions taken against them in the course of their duties as Board members.

There is a formal schedule of matters reserved to the Board 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
- Reviewing the system of internal controls.

Certain other matters are delegated to Board committees, as set out in further detail below.

The Board papers sent to Board members prior to each Board meeting include the minutes of committee meetings which have been held since the previous Board meeting or, if minutes are not available at the time the papers are circulated, a verbal update is provided at the Board meeting. The Chairman of each committee is available to report and answer any questions on the committee's proceedings at Board meetings, as required.

The Chairman continuously assesses the effectiveness of the Board and the participation of its members. To support the objective of ensuring that the Board continues to operate in an effective manner, in early 2012 the Chairman initiated an evaluation process of the Board and how it operates. Each Board member completed a Board self-evaluation questionnaire, which was followed up by relevant meetings.

#### BOARD COMMITTEES

The Board has established four permanent sub-committees to assist in the execution of its responsibilities. These are the Audit and Risk Committee, the Remuneration and Management Development Committee, the Editorial and Creative Output Committee and the Technology and Innovation Committee.

The membership of each committee, together with details of attendance at meetings held in 2012, is set out on page 67. The RTÉ Group Secretary acts as Secretary of each Committee.

Temporary committees are formed from time to time to deal with specific matters under defined terms of reference. The Board did not consider it necessary to establish any temporary committees during 2012.

The *Audit and Risk Committee* comprises four Board members, all of whom are considered independent. Stuart Switzer is currently the Committee member with recent relevant financial experience. The Committee's terms of reference are available on the RTÉ website.

The Director-General, Chief Financial Officer and Head of Internal Audit normally attend meetings of the Committee, while the external auditors attend as required. The terms of reference of the Committee provide that other Board members, executives and others may also be invited to attend all or part of any meeting(s). 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 and Risk 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.

In January of each year, the Audit and Risk Committee prepares a Work Plan setting out its key tasks and objectives for the year ahead. During 2012 the Audit and Risk Committee reviewed the following:

- RTÉ's approach to risk management – the Audit and Risk Committee approved a new risk management structure and the Committee is currently overseeing the implementation of a new risk management framework;
- The Internal Audit Plan for 2012;
- Internal audit reports and progress in implementing actions identified in the reports. The Head of Internal

## CORPORATE GOVERNANCE (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2012

Audit presents a report at each Audit and Risk Committee meeting, summarising work completed since the previous meeting and the findings, together with the areas of focus in the forthcoming period;

- The Internal Audit Charter, to ensure it remained up to date;
- The Committee's own terms of reference to ensure they remained up to date and reflect the scope of the Committee's work programme;
- The external audit plan, the scope of the audit, as set out in the Engagement Letter, and the effectiveness of the external auditors and the audit process;
- The Group's annual financial statements, prior to formal submission to the Board. The Committee's review focused, in particular, on accounting policies, areas requiring a significant exercise of judgement, the clarity of disclosures and compliance with applicable accounting and legal standards;
- Report from the external auditor following its audit of the financial statements and discussion of matters arising;
- Corporate Governance compliance, to include compliance with the Code of Practice for the Governance of State Bodies;
- The Independent Television Productions annual report, prior to formal submission to the Board;
- Consideration of the effectiveness of the system of internal control, including a review of the key risks impacting the business, and reporting the results to the Board;
- The Group's annual budget, prior to formal submission to the Board; and
- The format and content of management's monthly financial reporting to the Board.

During 2012, the Committee also received training in a number of relevant topics and received briefings on developments in the areas of corporate governance, risk management and accounting standards.

The Audit and Risk Committee has put in place safeguards to ensure that the independence and objectivity of the external audit function are not compromised. These safeguards are reviewed at regular intervals. In addition, the external auditors, KPMG, have confirmed to the Audit and Risk 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 and Risk Committee in the context of the external auditors' independence as part of the Audit and Risk 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 and Risk Committee is in the process of finalising a self-assessment of its effectiveness and the extent to which it is adding value to the organisation. Each member has completed a self-assessment questionnaire addressing key areas such as Committee processes and procedures; oversight of financial reporting; oversight of the audit process; monitoring activities; ethical and compliance matters and

risk management processes. The Committee is now in the process of finalising the action points arising from the evaluation. The objective of the evaluation was to identify suggestions and actions to ensure the committee continues to operate in an effective manner.

The *Editorial and Creative Output Committee* comprises five Board members, all of whom are considered independent. The Committee considers key developments and plans in respect of RTÉ Television and RTÉ Radio programmes and schedules. At each of its meetings, the Committee may meet with the Managing Directors of Television, Radio and News and Current Affairs and their senior management colleagues and with in-house and external independent programme-makers, to review programme output and upcoming strategy and plans.

In the area of editorial risk, the Editorial and Creative Output Committee and the Audit and Risk Committee align their respective programmes of work to ensure effective oversight and management of editorial risk. Editorial risk is considered by the Board in the context of risk generally, as explained in further detail in the internal control and risk management section below.

The *Remuneration and Management Development Committee* comprises three Board members, all of whom are considered independent. The Committee is assisted, as necessary, by a nominee from the Department of Communications, Energy and Natural Resources.

The Committee has written terms of reference, which are in the process of being revised and updated. The Committee's role and responsibilities include:

- Considering the appointment, targets, performance and remuneration of the Director-General and making recommendations to the Board prior to seeking Government approval thereon;
- Developing RTÉ's policy on executive remuneration;
- Considering and approving the remuneration package of senior management, having regard to Government policy in relation to remuneration of senior management of Commercial State Bodies. (The Director-General is fully consulted about remuneration proposals for senior management and outside advice is sought when necessary); and
- Reviewing policy in relation to the 'top talent' contractor contracts.

The remuneration of Board members is determined by Government policy and, as such, is not a specific consideration of this Committee.

The *Technology and Innovation Committee* comprises three Board members, all of whom are considered independent. Acknowledging that innovation and technology are critical to RTÉ's future, the Board has a dedicated committee in order to have formal strategic oversight of plans and developments in the area of technology and innovation.

## INDEPENDENCE OF MEMBERS OF THE BOARD

Each Board member brings independent judgement, challenge and rigour to the Board's deliberations. As required by the *UK Corporate Governance Code*, the Board has completed an evaluation of the independence of its members using the independence criteria as set out in the Code.

Having regard for the integrity, strength of character and objectivity of Board members, all members are considered independent under those criteria. However, Noel Curran and Joe Little are RTE employees and therefore cannot, for that reason alone, be considered as independent members of the Board at 31 December 2012 as per the criteria of the Code.

As disclosed in further detail in Note 25 (Related Party Transactions), business transactions took place between RTE and certain Board members, or their close family members, in the normal course of business, during the year ended 31 December 2012. Notwithstanding these transactions, the Board has determined that these Board members remain independent in character and judgement. In reaching that conclusion, the Board has considered the following:

- In two cases of RTE commissioning a programme(s) from a production company owned / controlled by a Board member, the Board took account of the existence of formal and transparent Commissioning Procedures and Guidelines, which are published on the RTE website and are applied consistently for all commissions. In addition, all decisions on individual commissions are the responsibility of executive management, assessed using clear evaluation criteria, with contracts awarded in line with normal commercial terms and conditions in all cases. Decisions on individual programme commissions are not a matter for consideration and decision by the Board. To demonstrate transparency, an independent review of specific commissioning procedures is also carried out on an annual basis and an Independent Productions Annual Report is submitted to the Minister for Communications, Energy and Natural Resources in accordance with Section 116 (9) of the *Broadcasting Act 2009*.
- The Board also considered the matter of a Board member, or their close family members, being engaged by RTE under an Artist contract in respect of a programme contribution. The Board noted that none of the applicable engagements in the year ended 31 December 2012 were, individually or in aggregate, for a material contract value. The decision to engage a programme contributor or presenter is undertaken by editorial line management having due regard for the requirements of the programme and the skills and experience of the individual being engaged. The Board also noted that the contracts were entered into on normal commercial terms and in line with RTE's policy for engaging personnel.

## INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for the Group's systems of internal control and for reviewing their effectiveness. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that an ongoing process for identifying, evaluating and managing RTE's significant risks has operated throughout the year and up to the date of approval of the financial statements. This process is in accordance with the updated Turnbull guidance on Internal Control and is overseen by the Audit and Risk Committee.

The Audit and Risk Committee considers risk management to be an integral part of its agenda and is committed to successfully managing RTE's exposure to risk and minimising its impact on the achievement of business objectives. The Committee strives to adopt leading practices in the area of risk management and, in that regard, commenced a process in late 2012 to review and strengthen the management framework for the identification, assessment, management and reporting of risk. Following this review, a dedicated Risk Officer is now in place to oversee the risk management framework and the organisation structure for the management of risk has been realigned to better implement the Audit and Risk Committee's risk agenda. A new Group Risk Policy is currently being drafted for Board approval and reporting procedures are being reviewed. Next year's Annual Report will provide a report on these initiatives and will present RTE's first report under its enterprise-wide approach to risk management.

Prior to the changes outlined above, RTE operated a risk management process throughout 2012. This process identifies the key risks facing the business and reports to the Board on how these risks are being managed. Each business division maintains a risk register which identifies its key risks, evaluates the probability of those risks occurring and the likely impact should the risks materialise. The actions taken to manage each risk to a desired level are recorded on the risk register and risks are ranked and prioritised. Key corporate support functions (Group IT, Group HR, Property & Services, Legal Affairs, etc.) also maintain risk registers in a similar format. Each of the risk registers are reviewed by the Audit and Risk Committee.

On an annual basis, the risk registers of each division and corporate function are reviewed by management to highlight trends and to identify common or interdependent risks across the RTE Group. This process facilitates the preparation of a Group risk register, which is reviewed and approved by the members of the RTE Executive. The Group risk register is also reviewed and approved by the Audit and Risk Committee as part of its review of the effectiveness of the system of internal control.

The Audit and Risk Committee carries out a review of the Group risk register mid-year in order to consider the risk mitigation actions and any other relevant developments. It reports its findings to the full Board.

In addition to the risk management process outlined above, further key procedures have been established and are designed to provide effective internal control, including:

- A clearly defined organisation structure, with formally defined authority limits and reporting mechanisms to higher levels of management and to the Board;
- Codes of Business Conduct for Board members and employees, setting out the ethical standards expected in the conduct of business ;
- Established procedures to identify, control and report on key risks of the IBDs and key corporate support functions;

## CORPORATE GOVERNANCE (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

- Comprehensive budgeting systems, with annual financial budgets approved by the Board;
- Timely monthly reporting, with actual results reported against budget and considered by the Board on a monthly basis;
- A Good Faith Reporting (Whistleblowing) Policy is in place to provide staff with a confidential, and if required, anonymous means to report a matter of concern; and
- Comprehensive policies and procedures relating to operational and financial controls, including commitments and capital expenditure. Large capital projects require the approval of the Board.

These controls are reviewed systematically by Internal Audit, on a risk based approach. The Board confirms that, through the Audit and Risk 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.

The process adopted by the Board 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 and Risk Committee.

### GOING CONCERN

After making enquiries, the members of the Board are satisfied 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.

### BOARD MEMBERS' FEES <sup>1</sup>

RTÉ complies with Government policy on the payment of fees to Chairpersons and Directors of State Bodies, as determined by the Minister for Public Expenditure and Reform and the Minister for Communications, Energy and Natural Resources.

	2012 €'000	2011 €'000
Tom Savage	31	31
Fergus Armstrong	16	16
Orlaith Carmody	16	16
Noel Curran	-	-
Alan Gilsean	16	16
Karlin Lillington	16	16
Joe Little <sup>2</sup>	-	13
Aileen O'Meara	16	16
Eunice O'Raw	-	13
Sean O'Sullivan	16	16
Patricia Quinn	16	16
Stuart Switzer	16	16
	<b>159</b>	<b>185</b>

1. All members of the Board are non-executive, with the exception of the Director-General, Noel Curran, serving in an ex officio capacity.
2. While not in receipt of any Board fees, Joe Little was paid as an employee of RTÉ.

### EXPENSES OF BOARD MEMBERS<sup>1</sup>

In compliance with the Code of Practice for the Governance of State Bodies, the following disclosure is required of the expenses paid to Board members:

	2012 €'000	2011 €'000
Travel – mileage	7	6
Travel – other	-	1
Subsistence allowance	21	13
	<b>28</b>	<b>20</b>

1. The expenses of Board members above relate to their Board services only and do not include expenses of members in their capacity as RTÉ employees.

### EMOLUMENTS OF DIRECTOR-GENERAL<sup>1</sup>

The remuneration of the Director-General, comprising an annual salary and a car allowance, conforms to Government policy for determining the remuneration of Chief Executive Officers of Commercial State Bodies, issued by the Department of Public Expenditure and Reform, and is approved by the Minister for Communications, Energy and Natural Resources.

	Noel Curran <sup>2</sup>		Cathal Goan <sup>3</sup>	
	2012 €'000	2011 <sup>4</sup> As restated €'000	2012 €'000	2011 €'000
- Basic salary	250	229	-	12
Other Benefits				
- Pension contributions	63	58	-	1
- Other benefits	25	23	-	35
	<b>338</b>	<b>310</b>	<b>-</b>	<b>48</b>

1. Noel Curran was appointed as the new Director-General with effect from 1 February 2011. Cathal Goan retired as Director-General of RTÉ, effective from 19 January 2011.
2. Expenses amounting to €7,857 (2011: €1,590) were incurred by Noel Curran in the conduct of the duties of the post. The increase in expenses in 2012 reflects a backlog of expenses incurred in 2011 reclaimed through the Travel expense system in 2012.
3. In 2011, expenses amounting to €112 were incurred by Cathal Goan in the conduct of the duties of the post.
4. 'Other benefits' of Noel Curran reported as Nil in the prior year have been restated to include arrears of €23,000 paid in 2012 relating to the allowance earned in the 2011 financial year.

No performance-related pay was awarded or paid in respect of 2012 or 2011.

The amount paid by RTÉ to a Defined Contribution Pension Scheme on behalf of Noel Curran is set out in the table above.

# BOARD MEMBERS' REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2012

The members of the Board of RTÉ listed on pages 66 to 67 present their annual report together with the audited Group financial statements for the year ended 31 December 2012.

### 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 and digital 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 2012 are set out in the Operational review on pages 20 to 63 and in the Financial review on pages 12 to 17. 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 *Annual Statement of Performance Commitments 2012*, are reviewed on pages 127 to 141.

### RESULTS FOR YEAR

The results of the Group for the year are set out in the Income Statement on page 78 and in the related notes.

### MEMBERS OF THE BOARD

The names of the persons who served as members of the Board as at 31 December 2012 are set out on pages 66 to 67.

### CORPORATE GOVERNANCE

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

- Corporate governance pages 70 to 74
- Board members' profiles pages 66 to 67
- Statement of Board members' responsibilities page 76

### BOOKS AND RECORDS

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

### GROUP COMPANIES

Information relating to subsidiary and associated undertakings is included in note 11 to the financial statements.

### AUDITOR

KPMG, Chartered Accountants, will 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 BOARD

Tom Savage  
Chairman

Sean O'Sullivan  
Board Member  
and Chairman of  
the Audit and Risk Committee

Noel Curran  
Director-General

18 April 2013

# STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2012

The members of the Board of RTÉ 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 Board to prepare Group and RTÉ financial statements for each financial year. Under that legislation, the RTÉ Board members have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU and as applied in accordance with the provisions of broadcasting legislation, 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 Board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent ;
- state that the financial statements comply with IFRSs as adopted by the EU and as applied in accordance with the provisions of broadcasting legislation; 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 Board 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 the provisions of 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 Board members are responsible for ensuring that the corporate governance statement on pages 70 to 74 reflects the Group's compliance with the 2009 *Code of Practice for the Governance of State Bodies* and with the nine provisions of the *UK Corporate Governance Code* and the two provisions of the *Irish Corporate Governance Annex* specified under the Listing Rules of the Irish Stock Exchange, which are voluntarily applied.

The RTÉ Board 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 BOARD

*Tom Savage*  
Chairman

*Sean O'Sullivan*  
Board Member  
and Chairman of  
the Audit and Risk Committee

*Noel Curran*  
Director-General

18 April 2013

# INDEPENDENT AUDITOR'S REPORT TO THE MINISTER FOR COMMUNICATIONS, ENERGY AND NATURAL RESOURCES

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 2012 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the RTÉ and Group Balance Sheets, the RTÉ and Group Statements of Changes in Equity, the RTÉ and Group Cash Flow Statements, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

This report is made solely to the Minister for Communications, Energy and Natural Resources (the 'Minister') in accordance with broadcasting legislation. 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 MEMBERS OF THE BOARD OF RTÉ AND AUDITORS

As explained more fully in the Statement of Board Members' Responsibilities set out on page 76, the Board members' are responsible for preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Ethical Standards for Auditors issued by the Auditing Practices Board.

## SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

## OPINION ON FINANCIAL STATEMENTS

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 2012 and of its deficit for 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 2012; and
- the Group financial statements have been properly prepared in accordance with broadcasting legislation.

## OTHER MATTERS

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 Board members' report is consistent with the financial statements.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT UNDER OUR TERMS OF ENGAGEMENT

We have nothing to report in respect of the following:

Under the *Code of Practice for the Governance of State Bodies* (the Code) we are required to report to you if the statement regarding the system of internal financial control required under the Code as included in the Corporate Governance Statement on pages 70 to 74 does not reflect the Group's compliance with paragraph 13.1 (iii) of the Code or if it is not consistent with the information of which we are aware from our audit work on the financial statements.

Under the terms of our engagement, we have agreed to review the parts of the voluntary Corporate Governance Statement on pages 70 to 74 relating to the company's compliance with the nine provisions of the *UK Corporate Governance Code* and the two provisions of the *Irish Corporate Governance Annex* specified under the Listing Rules of the Irish Stock Exchange for review by the auditor.



**RU Aidhrí GIBBONS**  
for and on behalf of

**KPMG**  
Chartered Accountants, Statutory Audit Firm

26 April 2013

1 Stokes Place  
St Stephen's Green  
Dublin 2

# GROUP INCOME STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 €'000	2011 As restated €'000
<b>Continuing Operations</b>			
Revenue	1	<b>337,214</b>	350,880
Operating costs (before depreciation, amortisation, restructuring and other charges)	2	<b>(335,002)</b>	(353,411)
<b>EBITDA<sup>1</sup> before restructuring and other charges</b>		<b>2,212</b>	(2,531)
Depreciation and amortisation	4	<b>(17,504)</b>	(16,110)
Restructuring and other charges	6	<b>(46,161)</b>	-
<b>Loss from Operating Activities after restructuring and other charges</b>		<b>(61,453)</b>	(18,641)
Net finance (expense) / income	3	<b>(3,737)</b>	2,442
<b>Deficit Before Income Tax</b>	4	<b>(65,190)</b>	(16,199)
Income tax credit / (expense)	7	<b>43</b>	(561)
<b>Deficit for the Year</b>		<b>(65,147)</b>	(16,760)

<sup>1</sup> EBITDA: Earnings (Operating Profit/(Loss)) before Interest, Tax, Depreciation and Amortisation

### ON BEHALF OF THE BOARD

*Tom Savage*  
Chairman

*Sean O'Sullivan*  
Board Member  
and Chairman of  
the Audit and Risk Committee

*Noel Curran*  
Director-General

18 April 2013

# GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 €'000	2011 €'000
Deficit for the year		<b>(65,147)</b>	(16,760)
<b>Other Comprehensive Income</b>			
Actuarial loss on defined benefit pension scheme	20	<b>(5,311)</b>	(49,974)
Actuarial loss on '50/50' risk-sharing pension scheme	20	<b>(497)</b>	(127)
Deferred tax on pension asset	21	<b>(10)</b>	400
		<b>(5,818)</b>	(49,701)
Effective portions of changes in fair value of cash flow hedge		<b>(1,423)</b>	(2,897)
Change in fair value of cash flow hedge transferred to:			
Property, Plant and Equipment		<b>303</b>	135
Income Statement	3	<b>584</b>	90
Fair value loss on cash flow hedge	23	<b>(536)</b>	(2,672)
Deferred tax on cash flow hedge	21	<b>67</b>	334
		<b>(469)</b>	(2,338)
<b>Total other comprehensive loss for the year</b>		<b>(6,287)</b>	(52,039)
<b>Total comprehensive loss for the year</b>		<b>(71,434)</b>	(68,799)

## ON BEHALF OF THE BOARD

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Director-General

18 April 2013

# GROUP BALANCE SHEET

AT 31 DECEMBER 2012

	Notes	2012 €'000	2011 €'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	8	96,591	100,248
Intangible assets	9	4,348	3,681
Restricted cash	10	3,000	2,000
Other receivables	13	87	208
Pension asset	20	746	664
Deferred tax assets	21	400	348
Derivative financial instruments	22	-	239
<b>Total Non-Current Assets</b>		<b>105,172</b>	<b>107,388</b>
<b>Current Assets</b>			
Inventories	12	33,936	37,044
Trade and other receivables	13	35,402	37,763
Prepayments and accrued income		15,524	15,779
Liquid investments	14	16,211	23,201
Cash and cash equivalents	15	20,905	37,535
Derivative financial instruments	22	-	1,004
<b>Total Current Assets</b>		<b>121,978</b>	<b>152,326</b>
<b>Total Assets</b>		<b>227,150</b>	<b>259,714</b>
<b>EQUITY</b>			
Retained earnings		(127)	70,838
Cash flow hedge reserve	23	(2,807)	(2,338)
		<b>(2,934)</b>	<b>68,500</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Interest-bearing loans and borrowings	16	51,375	38,250
Employee benefits	19	24,731	9,231
Pension liability	20	47,086	47,797
Derivative financial instruments	22	2,088	1,926
<b>Total Non-Current Liabilities</b>		<b>125,280</b>	<b>97,204</b>
<b>Current Liabilities</b>			
Interest-bearing loans and borrowings	16	1,875	-
Trade and other payables	17	76,246	71,629
Taxation and social welfare	18	8,002	10,448
Employee benefits	19	17,432	11,187
Derivative financial instruments	22	1,249	746
<b>Total Current Liabilities</b>		<b>104,804</b>	<b>94,010</b>
<b>Total Liabilities</b>		<b>230,084</b>	<b>191,214</b>
<b>Total Equity and Liabilities</b>		<b>227,150</b>	<b>259,714</b>

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## GROUP STATEMENT OF CHANGES IN EQUITY

AT 31 DECEMBER 2012

	Retained earnings €'000	Cash flow hedge reserve €'000 (Note 23)	Total Equity €'000
<b>Balance at 1 January 2012</b>	<b>70,838</b>	<b>(2,338)</b>	<b>68,500</b>
<b>Total comprehensive loss</b>	<b>(70,965)</b>	<b>(469)</b>	<b>(71,434)</b>
<b>Balance at 31 December 2012</b>	<b>(127)</b>	<b>(2,807)</b>	<b>(2,934)</b>
Balance at 1 January 2011	137,299	-	137,299
Total comprehensive loss	(66,461)	(2,338)	(68,799)
Balance at 31 December 2011	70,838	(2,338)	68,500

## RTÉ STATEMENT OF CHANGES IN EQUITY

AT 31 DECEMBER 2012

	2012 €'000	2011 €'000
<b>Retained earnings</b>		
Balance at 1 January	(7,191)	69,036
Total comprehensive loss	(82,705)	(76,227)
Balance at 31 December	(89,896)	(7,191)

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Director-General

18 April 2013

# GROUP CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 €'000	2011 As restated €'000
<b>Cash Flows from Operating Activities</b>			
Deficit for the year		(65,147)	(16,760)
Adjustments for:			
Restructuring and other charges	6	46,161	-
Depreciation of property, plant and equipment	8	16,072	14,585
Amortisation of intangible assets	9	1,432	1,525
Gain on disposal of property, plant and equipment		(6)	(23)
Difference between pension charge and cash contributions		(4,821)	1,113
Net finance expense / (income)	3	3,737	(2,442)
Income tax (credit) / expense	7	(43)	561
		<b>(2,615)</b>	<b>(1,441)</b>
Change in inventories and related inventory payables		1,909	(1,203)
Change in trade and other receivables		2,482	2,135
Change in prepayments		420	(1,160)
Change in trade and other payables		3,284	(3,639)
Change in taxation and social welfare		(2,398)	(1,287)
Change in employee benefits		(25,143)	(11,070)
<b>Net Cash used in Operating Activities</b>		<b>(22,061)</b>	<b>(17,665)</b>
<b>Cash Flows from Investing Activities</b>			
Interest received		1,019	2,033
Proceeds from sale of property, plant and equipment		15	29
Acquisition of property, plant and equipment		(13,163)	(21,785)
Acquisition of intangible assets		(1,684)	(1,343)
<b>Net Cash used in Investing Activities</b>		<b>(13,813)</b>	<b>(21,066)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from borrowings	16	15,000	38,250
Interest paid		(1,746)	-
Restricted cash	15	(1,000)	(2,000)
Decrease in liquid investments	14	6,990	13,981
<b>Net Cash from Financing Activities</b>		<b>19,244</b>	<b>50,231</b>
Net (decrease) / increase in cash and cash equivalents		(16,630)	11,500
Cash and cash equivalents at 1 January		37,535	26,035
<b>Cash and Cash Equivalents at 31 December</b>	15	<b>20,905</b>	<b>37,535</b>

### ON BEHALF OF THE BOARD

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18 April 2013

# RTÉ BALANCE SHEET

AT 31 DECEMBER 2012

	Notes	2012 €'000	2011 €'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	8	29,400	33,040
Intangible assets	9	2,325	1,836
Investments in subsidiaries	11	65,827	65,827
Other receivables	13	87	208
Pension asset	20	746	664
Deferred tax assets	21	1,343	1,483
Derivative financial instruments	22	-	239
<b>Total Non-Current Assets</b>		<b>99,728</b>	103,297
<b>Current Assets</b>			
Inventories	12	31,890	34,965
Trade and other receivables	13	29,205	30,876
Prepayments and accrued income		11,502	13,400
Liquid investments	14	13,110	20,197
Cash and cash equivalents	15	18,604	31,901
Derivative financial instruments	22	-	1,004
<b>Total Current Assets</b>		<b>104,311</b>	132,343
<b>Total Assets</b>		<b>204,039</b>	235,640
<b>EQUITY</b>			
Retained earnings		(89,896)	(7,191)
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Interest-bearing loans and borrowings	16	13,125	-
Employee benefits	19	24,731	9,231
Pension liability	20	47,086	47,797
<b>Total Non-Current Liabilities</b>		<b>84,942</b>	57,028
<b>Current Liabilities</b>			
Interest-bearing loans and borrowings	16	1,875	-
Trade and other payables	17	182,711	165,248
Taxation and social welfare	18	7,225	9,782
Employee benefits	19	17,053	10,773
Derivative financial instruments	22	129	-
<b>Total Current Liabilities</b>		<b>208,993</b>	185,803
<b>Total Liabilities</b>		<b>293,935</b>	242,831
<b>Total Equity and Liabilities</b>		<b>204,039</b>	235,640

## ON BEHALF OF THE BOARD

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18 April 2013

# RTÉ CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 €'000	2011 €'000
<b>Cash Flows from Operating Activities</b>			
Deficit for the year after tax		(76,887)	(26,526)
Adjustments for:			
Restructuring and other charges	6	46,161	-
Depreciation of property, plant and equipment	8	9,710	9,808
Amortisation of intangible assets	9	1,087	1,360
Gain on disposal of property, plant and equipment		(11)	(14)
Difference between pension charge and cash contributions		(4,821)	1,113
Net finance expense / (income)		2,536	(2,801)
Income tax credit		130	(326)
		(22,095)	(17,386)
Change in inventories and related inventory payables		1,877	(143)
Change in trade and other receivables		1,792	4
Change in prepayments		2,031	(1,492)
Change in provisions and trade and other payables		15,410	24,131
Change in taxation and social welfare		(2,557)	904
Change in employee benefits		(25,109)	(10,451)
<b>Net Cash used in Operating Activities</b>		<b>(28,651)</b>	<b>(4,433)</b>
<b>Cash Flows from Investing Activities</b>			
Interest received		885	1,812
Proceeds from sale of property, plant and equipment		11	15
Acquisition of property, plant and equipment		(6,316)	(7,596)
Acquisition of intangible assets		(936)	(323)
<b>Net Cash used in Investing Activities</b>		<b>(6,356)</b>	<b>(6,092)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from borrowings	16	15,000	-
Interest paid		(377)	-
Decrease in liquid investments	14	7,087	16,985
<b>Net Cash from Financing Activities</b>		<b>21,710</b>	<b>16,985</b>
Net (decrease) / increase in cash and cash equivalents		(13,297)	6,460
Cash and cash equivalents at 1 January		31,901	25,441
<b>Cash and Cash Equivalents at 31 December</b>	15	<b>18,604</b>	<b>31,901</b>

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18 April 2013

# ACCOUNTING POLICIES

## 1. BASIS OF ACCOUNTING

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group and RTÉ financial statements. The Group changed the presentation of the Group Income Statement during the year. The primary reason for the change was to enable the Group to report an EBITDA (earnings before interest, tax, depreciation and amortisation) earnings measure in the Income Statement. Accordingly, the 2011 comparatives have been restated in the Income Statement to separately disclose depreciation and amortisation and the EBITDA earnings measure.

### (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 2012 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 (IFRSs) as adopted by the European Union (EU) that are effective for the year ended 31 December 2012 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 2012 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 changes in equity have also been presented with the consolidated financial statements as would ordinarily be required by the Irish Companies Acts 1963 to 2012.

### (c) Basis of preparation

The RTÉ and Group financial statements have been prepared on the historical cost basis as modified by the measurement at fair value of derivative financial instruments and retirement benefit obligations.

The Group financial statements are prepared in Euro, rounded to the nearest thousand (€000), 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 affected. 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, 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.

## 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) Transactions eliminated on consolidation

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

### (c) Joint Ventures

Joint venture undertakings (joint ventures) are those undertakings over which RTÉ exercises contractual control jointly with another party. Joint ventures are accounted for using the equity method of accounting. RTÉ's interests in the net assets or liabilities of joint ventures and its share of profits or losses after tax are not material for inclusion in the consolidated financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Revenue recognition

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.

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 have transferred to the buyer.

### (b) Licence Fee revenue

Licence Fee revenue payable by the Department of Social Protection (DSP) on behalf of individuals eligible for a 'free' Television Licence is paid by the DSP to the Department of Communications, Energy and Natural Resources (DCENR). 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 123 of the *Broadcasting Act 2009* as amended by section 69 of the *Communications Regulation (Postal Services) Act 2011*. This equates to the amounts paid to it by DSP, together with the amounts collected by An Post, net of collection costs, a 7% levy to the Broadcasting Fund and amounts paid to TG4 as determined by the Minister for Communications, Energy and Natural Resources.

Licence Fee revenue payable by the DSP is recognised upon receipt. All other Licence Fee income is recognised upon notification by An Post.

## ACCOUNTING POLICIES (CONTINUED)

### (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 Orchestras. 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

An operating segment is a distinguishable component of the Group that is engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's components.

Arising from the Group's internal organisation structure and its system of internal financial reporting, the Group's primary reporting segment, under IFRS 8 *Operating Segments*, 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. All operating segments' operating results are reviewed regularly by the Director-General and the RTÉ Executive to make decisions about resources to be allocated to the segment and assess its performance and for which financial information is available.

## 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 Income Statement.

## 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 & equipment	7.5%	-	20%
Fixtures & 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 asset's recoverable amount is estimated.

### (d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 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.

### (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 (excluding prepayments), liquid investments, cash and cash equivalents, restricted cash, loans and borrowings, accrued income, employee benefits 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 amortised 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.

#### *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.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise bank balances and call deposits 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 call deposits 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.

#### *Loans and borrowings*

Interest-bearing loans and borrowings are initially recorded at fair value, being the fair value of the consideration received, net of attributable transaction costs. Subsequent to initial recognition, variable rate borrowings are measured at amortised cost, using the effective interest rate methodology.

#### *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

The Group is exposed to market risks relating to fluctuations in interest rates and currency exchange rates. The Group has entered an interest rate swap to manage the exposure to the interest rate fluctuations on its borrowings. Foreign currency forward contracts are used to manage the Group's exposure to fluctuations in US Dollar and Sterling for forecasted transactions. The Group does not enter into speculative derivative contracts.

The fair value of the interest rate swap is determined by discounting the projected cash flows on the swap arrangement to present value using an appropriate market rate of interest. The fair value of foreign currency forward contracts is determined based on the present value of the quoted forward price.

Derivative financial instruments are initially recognised at fair value and are subsequently re-measured to fair value at each reporting date. The Group categorises derivative financial instruments as financial assets or liabilities at fair value through surplus or deficit or as cash flow hedges. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Income Statement, except for the effective portion of cash flow hedges, which are recognised in the Statement of Comprehensive Income (as described below).

## ACCOUNTING POLICIES (CONTINUED)

### *Cash flow hedges*

At the inception of a cash flow hedge, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk-management objective and strategy for undertaking the hedge.

Where a derivative financial instrument is designated as a cash flow hedge of a recognised liability, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the Statement of Comprehensive Income. The ineffective part of any gain or loss is recognised in the Income Statement immediately. The amount accumulated in equity is reclassified to the Income Statement in the same period that the hedged item affects surplus or deficit.

If the hedging instrument no longer meets the criteria for hedge accounting or the designation is revoked, the hedge accounting is discontinued prospectively.

### 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. EMPLOYEE BENEFITS

#### (a) Retirement benefit obligations

The Group, through the RTÉ Superannuation Scheme, the RTÉ Defined Contribution Pension Scheme, the RTÉ '50/50' Risk-Sharing Pension Scheme (a hybrid scheme that has both defined benefit and defined contribution elements) and other defined contribution schemes, makes pension contributions for a substantial number of employees.

In relation to the defined contribution schemes and the defined contribution element of the RTÉ '50/50' Risk-Sharing Pension Scheme, 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 and the defined benefit element of the RTÉ '50/50' Risk-Sharing Pension 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 and defined benefit element of the RTÉ '50/50' Risk-Sharing Pension Schemes assets during the year and the increase in the schemes' liabilities due to the unwinding of the discount during the year are shown as financing items 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 of 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.

## 11. 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 nor 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.

## 12. FINANCE INCOME AND EXPENSES

Finance income comprises interest income on cash and liquid investments and fair value movements on derivative financial instruments that are recognised through the Income Statement.

Finance expenses comprise interest on borrowings, unwinding of the discount on restructuring costs and fair value movements on derivative financial instruments that are recognised through the Income Statement.

## 13. NEW STANDARDS AND INTERPRETATIONS

### (a) Adopted during the year

The accounting policies adopted are consistent with those of the previous financial year. There were a number of new requirements effective for the first time during 2012. None of these had a material impact on the Group.

### (b) New standards and interpretations not yet adopted

A number of new EU endorsed standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013 and have not been applied in preparing these consolidated financial statements. These include IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangement*, IFRS 12 *Disclosure of Interests in other Entities* and IAS 19 *Employee Benefits (Amendment)* which become mandatory for the Group's 2013 consolidated financial statements. The extent of the impact of these standards on the consolidated financial statements of the Group has not yet been determined.

# NOTES

## FORMING PART OF THE GROUP FINANCIAL STATEMENTS

### 1. PRINCIPAL ACTIVITIES AND SEGMENTAL INFORMATION

#### (a) Principal activities

RTÉ is a not-for-profit organisation. Its principal public service activity is the broadcast of a comprehensive range of free-to-air television and radio channels and schedules. RTÉ provides opportunities to access content from these services via its free online services. The key online services are set out in the Digital Operational Review. Further opportunities to access RTÉ's public service content are provided via the RTÉ+1 and RTÉjr channels available on DTT and cable and through the DTT and cable version of the RTÉ News Now online service. 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 RTÉ Orchestras, as described in the Orchestras Operational Review.

The cost of RTÉ's 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, to support its public service activities. These include the sale of advertising and sponsorship, publication of the RTÉ Guide and other broadcast related commercial activities. RTÉ Transmission Network Limited (RTÉNL) operates a national broadcast transmission network, 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.

During 2012 RTÉ's operations and management were organised into six Integrated Business Divisions (IBDs): Television, Radio, News and Current Affairs, Digital, Orchestras and Network. The structure changed in 2012 and consequently the 2011 segment reports have been restated to facilitate comparability with those prepared under the 2012 structure. For each IBD the Director-General and the RTÉ Executive review internal management reports on a monthly basis. Network IBD is entirely located within RTÉ's wholly owned and separately managed subsidiary company RTÉ Transmission Network Limited. A detailed list of RTÉ's activities, by IBD and legal entity, is set out in note 11 to these financial statements.

In addition to the six IBDs, RTÉ operates Corporate HQ and Central Shared Services. 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. Costs of Central Shared Services activities, provided to the IBDs, are reported at IBD, channel or service level. The cost of the Corporate HQ is not allocated to IBDs, and is reported as a reconciling item between the cost of reportable segments and the total cost. Costs including elements of transmission tariffs and promotional costs incurred in preparation for the transition to DTT, but not specifically incurred in support of RTÉ Television and RTÉ Radio services, are reported as a reconciling item between the cost of reportable segments and the total cost.

#### (b) Segmental information

Segmental analysis, prepared in accordance with IFRS 8 *Operating Segments* is set out in schedules 1(d) and 1(f). RTÉ's primary reporting segments are its IBDs, its business segments. Other segmental analysis as required by the *Broadcasting Act 2009* is set out in schedule 1(e).

#### Segmental analysis by IBD

Segmental analysis by IBD is presented in the schedules 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 are covered by attributed Licence Fee revenue.

Costs directly incurred by and for an IBD are reported within that IBD. An appropriate full-cost absorption/usage allocation basis is used to apply a fair and reasonable cost to inter-divisional and central shared services consumed by those IBDs. The allocations are based upon consistently applied and objectively justifiable cost accounting principles.

Costs of production, commissioning and acquisition of television and radio programmes are incurred for the purpose of providing RTÉ's free-to-air television and radio channels. These costs are charged to the Television, Radio and News and Current Affairs IBDs as appropriate. In order to fairly reflect the true cost of providing RTÉ's free-to-air television and radio channels, these costs are not apportioned to the online services where additional opportunities to access the material are provided. Where specific costs are incurred in the acquisition of online rights or the repurposing of content, these are charged to online services. Where content is sourced both for inclusion in broadcast programmes and used directly in online services, the cost of sourcing such content is allocated using an appropriate full-cost absorption/usage allocation basis to the broadcast IBDs and RTÉ Online.

RTÉNL invoices all IBDs for transmission and distribution services on the basis of a published tariff model, inclusive of margin. The provision of digital terrestrial transmission is invoiced by RTÉNL to RTÉ on the basis of a tariff model. Costs incurred in support of RTÉ's Television and RTÉ's Radio channels are charged to those channels on the basis of capacity used. Other elements of the charge are reported as a reconciling item between the cost of reportable segments and the total cost.

## 1. PRINCIPAL ACTIVITIES AND SEGMENTAL INFORMATION (CONTINUED)

Other RTÉNL services are invoiced at appropriate commercial rates.

Transactions between activities in pursuit of RTÉ's public service objects and activities in pursuit of the object to exploit commercial opportunities are effected at market rates. Television and Radio invoice RTÉ Commercial Enterprises Limited for RTÉ Guide air time advertising at open market rates. Transactions between RTÉ's public service online activities and the RTÉ Guide are at market rates.

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.

### (c) Other analysis

Note 1(e) which provides an analysis of revenues, costs and (deficit)/surplus by channel, service and broadcasting genre and between public service and non-public service activities, is reported in a manner that is consistent with the same principles used to report IBD revenues and costs.

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.

### (d) Licence Fee Attribution

In the course of 2012 RTÉ initiated a comprehensive strategic review of its activities. This root and branch review examined all output areas against range of criteria to ensure the activities were fit for purpose in this changing media landscape. Following this review each RTÉ service now has a detailed service description which clearly defines how the channel or service contributes to the delivery of RTÉ's public service objects. In conjunction with the development of detailed service descriptions, RTÉ adopted a more explicit linkage between the methodology applied in attributing public funding to individual services and the way in which each service contributes to the delivery of RTÉ's public service objects. RTÉ has moved to a model, in line with current common practice among Public Service Media Organisations (PSMs) across the EU, which attributes public funding to individual services in a way that is proportionate to net cost of the public service. Net cost of public service is determined by deducting the contribution from commercial activities from the gross cost of delivering the public service. Consequently the 2011 analysis of revenues, costs and (deficit)/surplus by channel, service and broadcasting genre and between public service and non-public service activities has been restated for consistency with the current year presentation.

The Gross Public Service Cost of each of RTÉ's channels and services includes all costs incurred in the production and delivery of the service. It does not include any costs incurred in the exploitation of commercial opportunities arising from the provision of the service. These costs are allocated against the commercial revenue to which they relate, to calculate the commercial contribution. Commercial contributions derived from activities specifically associated with a particular channel or service are deducted from the Gross Public Service Cost of the service to calculate the Net Public Service Cost. Surpluses on commercial activities not directly linked to channels or services are totalled and attributed to those public service activities which have significant revenue generating potential (RTÉ One, RTÉ Two, RTÉ Radio 1, RTÉ 2fm, RTÉ Online) in proportion to the gross public cost of the services. These amounts further reduce the net public service cost of those channels.

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 Orchestras, RTÉ Raidió na Gaeltachta, RTÉ lyric fm, statutory provision of programming to TG4, supplementary DTT and DAB channels ('other channels'), Corporate HQ and financing costs.

The remaining licence fee is distributed between services with significant commercial revenue potential in proportion to the net cost of the public services. These services include: RTÉ One, RTÉ Two, RTÉ Radio 1, RTÉ 2fm and RTÉ Online.

No Licence Fee revenue is attributed to RTÉ Network, or any costs incurred in the exploitation of commercial opportunities.

The residual non-channel and non-service activities are aggregated together under the category 'Other' and include RTÉ Network IBD, Digital, RTÉ Guide and non-channel activities within RTÉ Television or RTÉ Radio IBDs.

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.

### *Analysis of network charges to all RTÉ services*

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

# NOTES (CONTINUED)

## FORMING PART OF THE GROUP FINANCIAL STATEMENTS

### 1. PRINCIPAL ACTIVITIES AND SEGMENTAL INFORMATION (CONTINUED)

(d) Revenues, costs and (deficit)/surplus by IBD (continuing operations), in line with RTÉ's organisation structure, year ended 31 December 2012

	REPORTABLE SEGMENTS						OTHER			Group Total €'000
	Television IBD €'000	Radio IBD €'000	News & Current Affairs IBD €'000	Orchestras IBD €'000	Network IBD €'000	Digital IBD €'000	All Other segments €'000	DTT Related €'000	Consolidation Adjustments* €'000	
<b>Revenue</b>										
Advertising income	84,548	21,052	-	-	-	4,535	1,112	-	(270)	110,977
Sponsorship income	6,347	2,514	-	-	-	503	68	-	-	9,432
Facilities income	2,887	141	-	646	-	16	-	-	(171)	3,519
Circulation and event income	-	-	-	1,932	-	-	3,796	-	-	5,728
Transmission, mast and towers income	-	-	-	-	29,411	-	-	-	(15,961)	13,450
Content, merchandising and related sales	2,883	1,727	-	30	-	8,576	27	-	(2,245)	10,998
Other commercial revenue	299	-	-	-	15	-	1,957	-	(55)	2,216
Commercial revenue	96,964	25,434	-	2,608	29,426	13,630	6,960	-	(18,702)	156,320
Licence Fee revenue attribution	79,826	25,505	49,891	11,949	-	4,437	5,920	3,366	-	180,894
	<b>176,790</b>	<b>50,939</b>	<b>49,891</b>	<b>14,557</b>	<b>29,426</b>	<b>18,067</b>	<b>12,880</b>	<b>3,366</b>	<b>(18,702)</b>	<b>337,214</b>
<b>Costs by output category**</b>										
<b>Programmes costs - by source</b>										
In-house productions	(97,239)	(45,645)	(49,721)	-	-	-	-	-	605	(192,000)
Statutory commissions	(37,098)	(1,030)	-	-	-	-	-	-	-	(38,128)
Non - statutory commissions	(3,754)	-	-	-	-	-	-	-	-	(3,754)
Indigenous programming	(138,091)	(46,675)	(49,721)	-	-	-	-	-	605	(233,882)
Acquired programmes - Ireland	(834)	-	-	-	-	-	-	-	-	(834)
Acquired programmes - Overseas	(25,179)	-	-	-	-	-	-	-	-	(25,179)
	(164,104)	(46,675)	(49,721)	-	-	-	-	-	605	(259,895)
General broadcast and transmission costs	(18,375)	(1,884)	(170)	-	(21,259)	(3,849)	-	(190)	761	(44,966)
RTÉNL transmission and power charges	(8,656)	(4,695)	-	-	-	-	(1,898)	(99)	15,348	-
Sales costs	(5,582)	(2,170)	-	-	-	(3,541)	(200)	-	2,509	(8,984)
Other output related costs	(2,763)	(459)	-	(14,557)	-	(10,268)	(4,180)	(3,077)	152	(35,152)
	<b>(199,480)</b>	<b>(55,883)</b>	<b>(49,891)</b>	<b>(14,557)</b>	<b>(21,259)</b>	<b>(17,658)</b>	<b>(6,278)</b>	<b>(3,366)</b>	<b>19,375</b>	<b>(348,997)</b>
<b>Unallocated Revenues And Costs</b>										
Corporate HQ	-	-	-	-	-	-	(4,796)	-	(85)	(4,881)
Interest payable	-	-	-	-	(1,365)	-	(780)	-	-	(2,145)
Interest receivable	1	-	-	-	163	-	984	-	-	1,148
<b>IBD (Deficit) / Surplus</b>	<b>(22,689)</b>	<b>(4,944)</b>	<b>-</b>	<b>-</b>	<b>6,965</b>	<b>409</b>	<b>2,010</b>	<b>-</b>	<b>588</b>	<b>(17,661)</b>
Net defined benefit pension related finance expense	-	-	-	-	-	-	(1,368)	-	-	(1,368)
Restructuring and other charges	-	-	-	-	-	-	(46,161)	-	-	(46,161)
<b>(Deficit) / Surplus before income tax</b>	<b>(22,689)</b>	<b>(4,944)</b>	<b>-</b>	<b>-</b>	<b>6,965</b>	<b>409</b>	<b>(45,519)</b>	<b>-</b>	<b>588</b>	<b>(65,190)</b>
Income tax										43
<b>Deficit for the year</b>										<b>(65,147)</b>

\* Elimination of intra-group revenue and costs at arm's length.

\*\* Costs by output category include applicable depreciation, amortisation, net finance (expense)/income and exclude operating costs of Corporate HQ.

#### Additional Segmental Disclosures

Commercial revenue of:										
External Customers	94,742	25,119	-	2,608	13,450	13,538	6,863	-	-	156,320
Revenue from other operating segments	2,222	315	-	-	15,976	92	97	-	(18,702)	-
	96,964	25,434	-	2,608	29,426	13,630	6,960	-	(18,702)	156,320

One customer of the Television, Radio and Digital reporting segments represents €35 million of the Group's total revenue while one customer of all the reporting segments represents €188 million of the Group's total revenue.

Material non-cash items included in the reportable segment costs include:

Difference between pension charge and cash contributions	(2,150)	(1,063)	(866)	(520)	(87)	(135)	-	-	-	(4,821)
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## 1. PRINCIPAL ACTIVITIES AND SEGMENTAL INFORMATION (CONTINUED)

(d) Revenues, costs and (deficit)/surplus by IBD (continuing operations), in line with RTE's organisation structure, year ended 31 December 2011 (as restated)

	REPORTABLE SEGMENTS						OTHER			Group Total €'000
	Television IBD €'000	Radio IBD €'000	News & Current Affairs IBD €'000	Orchestras IBD €'000	Network IBD €'000	Digital IBD €'000	All Other segments €'000	DTT Related €'000	Consolidation Adjustments €'000	
<b>Revenue</b>										
Advertising income	94,233	24,268	-	2	-	4,552	1,673	-	(908)	123,820
Sponsorship income	5,450	2,211	-	30	-	401	63	-	-	8,155
Facilities income	2,115	140	-	454	-	39	-	-	(186)	2,562
Circulation and event income	-	-	-	2,163	-	-	4,113	-	-	6,276
Transmission, mast and towers income	-	-	-	-	28,339	-	-	-	(13,638)	14,701
Content, merchandising and related sales	3,000	1,755	-	38	-	8,069	31	-	(2,204)	10,689
Other commercial revenue	253	-	-	-	25	6	835	-	(65)	1,054
Commercial revenue	105,051	28,374	-	2,687	28,364	13,067	6,715	-	(17,001)	167,257
Licence Fee revenue attribution	78,681	25,858	57,125	12,784	-	4,136	3,140	1,899	-	183,623
	<b>183,732</b>	<b>54,232</b>	<b>57,125</b>	<b>15,471</b>	<b>28,364</b>	<b>17,203</b>	<b>9,855</b>	<b>1,899</b>	<b>(17,001)</b>	<b>350,880</b>
<b>Costs by output category**</b>										
<b>Programmes costs - by source</b>										
In-house productions	(97,189)	(47,549)	(56,580)	-	-	-	-	-	999	(200,319)
Statutory commissions	(38,146)	(1,406)	-	-	-	-	-	-	-	(39,552)
Non - statutory commissions	(10,590)	-	-	-	-	-	-	-	1	(10,589)
Indigenous programming	(145,925)	(48,955)	(56,580)	-	-	-	-	-	1,000	(250,460)
Acquired programmes - Ireland	(902)	-	-	-	-	-	-	-	-	(902)
Acquired programmes - Overseas	(24,184)	-	-	-	-	-	-	-	-	(24,184)
	(171,011)	(48,955)	(56,580)	-	-	-	-	-	1,000	(275,546)
General broadcast and transmission costs	(18,831)	(2,739)	(545)	-	(19,257)	(3,743)	-	(166)	772	(44,509)
RTÉNL transmission and power charges	(7,376)	(4,468)	-	-	-	-	(795)	-	12,639	-
Sales costs	(5,867)	(2,044)	-	-	-	(3,535)	(421)	-	2,604	(9,263)
Other output related costs	(2,418)	(699)	-	(15,471)	-	(9,090)	(5,440)	(1,733)	662	(34,189)
	<b>(205,503)</b>	<b>(58,905)</b>	<b>(57,125)</b>	<b>(15,471)</b>	<b>(19,257)</b>	<b>(16,368)</b>	<b>(6,656)</b>	<b>(1,899)</b>	<b>17,677</b>	<b>(363,507)</b>
<b>Unallocated revenues and costs</b>										
Corporate HQ	-	-	-	-	-	-	(4,468)	-	(35)	(4,503)
Interest payable	-	-	-	-	(584)	-	(550)	-	-	(1,134)
Interest receivable	1	-	-	-	226	-	1,618	-	-	1,845
<b>IBD (Deficit) / Surplus</b>	<b>(21,770)</b>	<b>(4,673)</b>	<b>-</b>	<b>-</b>	<b>8,749</b>	<b>835</b>	<b>(201)</b>	<b>-</b>	<b>641</b>	<b>(16,419)</b>
Net defined benefit pension related finance income	-	-	-	-	-	-	220	-	-	220
Restructuring and other charges	-	-	-	-	-	-	-	-	-	-
<b>(Deficit) / Surplus before income tax</b>	<b>(21,770)</b>	<b>(4,673)</b>	<b>-</b>	<b>-</b>	<b>8,749</b>	<b>835</b>	<b>19</b>	<b>-</b>	<b>641</b>	<b>(16,199)</b>
Income tax										(561)
<b>Deficit for the year</b>										<b>(16,760)</b>

\* Elimination of intra-group revenue and costs at arm's length.

\*\* Costs by output category include applicable depreciation, amortisation, net finance (expense)/income and exclude operating costs of Corporate HQ.

### Additional Segmental Disclosures:

Commercial revenue consists of:

External Customers	102,802	27,966	-	2,687	14,701	12,598	6,503	-	-	167,257
Revenue from other operating segments	2,249	408	-	-	13,663	469	212	-	(17,001)	-
	105,051	28,374	-	2,687	28,364	13,067	6,715	-	(17,001)	167,257

One Customer of the Television, Radio and Digital reporting segments represents €37 million of the Group's total revenue while one customer of all the reporting segments represents €191 million of the Group's total revenue.

Material non-cash items included in the reportable segment costs include:

Difference between pension charge and cash contributions	502	259	221	87	25	9	-	-	-	1,103
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# NOTES (CONTINUED)

## FORMING PART OF THE GROUP FINANCIAL STATEMENTS

### 1. PRINCIPAL ACTIVITIES AND SEGMENTAL INFORMATION (CONTINUED)

(e) Analysis of revenues, costs and (deficit)/surplus by channel, service and broadcasting genre and between public service and non-public service activities, year ended 31 December 2012:

	RTÉ One €'000	RTÉ Two €'000	RTÉ Radio 1 €'000	RTÉ 2fm €'000	RTÉ lyric fm €'000	RTÉ Rna6 €'000	RTÉ T64 Support Orchestras €'000	RTÉ Corporate HQ €'000	DTT related €'000	Online Services €'000	Other Channels €'000	Consolidation Other Adjustments €'000	Group Total €'000
<b>PUBLIC SERVICE ACTIVITIES</b>													
<b>Indigenous programme costs</b>													
In-house productions	(70,448)	(56,626)	(30,908)	(10,250)	(5,177)	(9,561)	(6,500)	-	-	(3,135)	-	605	(192,000)
Statutory commissions	(27,047)	(8,805)	(899)	(3)	(75)	(53)	(1,246)	-	-	-	-	-	(38,125)
Non - statutory commissions	(2,983)	(573)	-	-	-	-	-	-	-	(198)	-	-	(3,754)
	(100,478)	(66,004)	(31,807)	(10,253)	(5,252)	(9,614)	(7,746)	-	-	(3,333)	-	605	(233,882)
<b>Programme costs - By Genre</b>													
Arts	(1,723)	-	(1,752)	-	(205)	(69)	-	-	-	-	-	2	(3,747)
Education	(1,275)	-	-	(6)	-	-	-	-	-	-	-	-	(1,281)
Religious	(2,427)	-	(509)	-	-	(107)	-	-	-	-	-	-	(3,043)
Other factual	(22,494)	(2,332)	(1,802)	-	(140)	(1,241)	-	-	-	(59)	-	81	(27,987)
Factual	(27,919)	(2,332)	(4,063)	(6)	(345)	(1,417)	-	-	-	(59)	-	83	(36,058)
Drama	(21,425)	(102)	(548)	-	-	(58)	(387)	-	-	(139)	-	-	(22,659)
Entertainment	(18,073)	(7,033)	(2,841)	(3,563)	(577)	(745)	(1,179)	-	-	(915)	-	19	(34,907)
Music	(1,311)	(255)	(6,029)	(4,252)	(3,724)	(1,468)	-	-	-	-	-	51	(16,988)
News, Current Affairs and Weather	(30,866)	(2,294)	(14,496)	(2,091)	(523)	(4,606)	(5,499)	-	-	(1,115)	-	426	(61,064)
Sport	(884)	(46,461)	(3,830)	(341)	-	(1,153)	-	-	-	(906)	-	18	(53,557)
Young Peoples	-	(7,527)	-	-	(83)	(167)	(681)	-	-	(199)	-	8	(8,649)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Indigenous Programming	(100,478)	(66,004)	(31,807)	(10,253)	(5,252)	(9,614)	(7,746)	-	-	(3,333)	-	605	(233,882)
Indigenous non-broadcast output costs	-	-	-	-	-	-	(14,557)	-	(3,077)	(5,629)	-	48	(23,215)
Acquired Programmes													
- Ireland	(714)	(120)	-	-	-	-	-	-	-	-	-	-	(834)
- Overseas	(14,183)	(10,936)	-	-	-	-	-	-	-	-	-	-	(25,179)
General broadcast and transmission costs	(11,357)	(10,108)	(1,620)	(547)	(429)	(195)	(18)	-	(190)	-	-	46	(24,418)
RTÉ/NI transmission and power charges	(3,005)	(4,085)	(1,843)	(888)	(890)	(888)	-	-	(99)	(1,752)	-	-	(13,450)
Corporate HQ	-	-	-	-	-	-	-	(4,796)	-	-	-	(85)	(4,881)
Net interest receivable	-	-	-	-	-	-	-	204	-	-	-	-	204
Net defined benefit pension related finance expense	-	-	-	-	-	-	-	(1,368)	-	-	-	-	(1,368)
<b>Gross Cost of Public Service Activities</b>	<b>(129,737)</b>	<b>(91,313)</b>	<b>(35,270)</b>	<b>(11,688)</b>	<b>(6,571)</b>	<b>(10,697)</b>	<b>(7,764)</b>	<b>(14,557)</b>	<b>(3,366)</b>	<b>(8,962)</b>	<b>(1,752)</b>	<b>614</b>	<b>(327,023)</b>
<b>Surplus on Commercial Activities</b>	<b>59,550</b>	<b>25,924</b>	<b>17,096</b>	<b>4,929</b>	<b>700</b>	<b>2,608</b>	<b>40</b>	<b>-</b>	<b>3,894</b>	<b>-</b>	<b>12,385</b>	<b>(26)</b>	<b>127,100</b>
<b>Distribution of Non Channel Specific</b>													
<b>Contribution from Non-Public Service Activities</b>	<b>5,801</b>	<b>4,083</b>	<b>1,577</b>	<b>523</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>401</b>	<b>-</b>	<b>(12,385)</b>	<b>-</b>	<b>-</b>
<b>Net Cost of Public Service Activities</b>	<b>(64,386)</b>	<b>(61,306)</b>	<b>(16,597)</b>	<b>(6,236)</b>	<b>(5,871)</b>	<b>(10,697)</b>	<b>(7,764)</b>	<b>(11,949)</b>	<b>(3,366)</b>	<b>(4,667)</b>	<b>(1,752)</b>	<b>588</b>	<b>(199,923)</b>
<b>Before Attribution of Public Funding</b>													
<b>Public Funding</b>													
Licence Fee revenue attribution	56,139	53,456	14,472	5,439	5,871	10,697	7,764	11,949	5,920	4,069	1,752	-	180,894
Restructuring and other charges	-	-	-	-	-	-	-	-	-	-	(46,161)	-	(46,161)
<b>(Deficit) / Surplus before income tax</b>	<b>(8,247)</b>	<b>(7,850)</b>	<b>(2,125)</b>	<b>(797)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(598)</b>	<b>-</b>	<b>(46,161)</b>	<b>588</b>	<b>(65,190)</b>
Income tax	-	-	-	-	-	-	-	-	-	-	-	43	43
<b>Deficit / Surplus for the year</b>	<b>(8,247)</b>	<b>(7,850)</b>	<b>(2,125)</b>	<b>(797)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(598)</b>	<b>-</b>	<b>(46,118)</b>	<b>588</b>	<b>(65,147)</b>

External commercial revenue includes €1.3 million from sales outside of the Republic of Ireland.

## 1. PRINCIPAL ACTIVITIES AND SEGMENTAL INFORMATION (CONTINUED)

(e) Analysis of revenues, costs and (deficit)/surplus by channel, service and broadcasting genre and between public service and non-public service activities, year ended 31 December 2011 (as restated)

	RTE One €'000	RTE Two €'000	RTE Radio 1 €'000	RTE 2fm €'000	RTE lyric fm €'000	RTE Rna6 €'000	TG4 Support €'000	RTE Orchestras €'000	Corporate HQ €'000	DTT related €'000	Online Services €'000	Other Channel €'000	Consolidation Other Adjustments €'000	Group Total €'000
<b>PUBLIC SERVICE ACTIVITIES</b>														
<b>Indigenous programme costs</b>														
In-house productions	(80,521)	(52,979)	(32,033)	(10,703)	(5,799)	(9,983)	(6,798)	-	-	-	(2,502)	-	999	(200,319)
Statutory commissions	(28,359)	(8,755)	(859)	(177)	(89)	(281)	(1,032)	-	-	-	-	-	-	(39,552)
Non - statutory commissions	(8,169)	(1,231)	-	-	-	-	(967)	-	-	-	(223)	-	1	(10,589)
	(117,049)	(62,965)	(32,892)	(10,880)	(5,888)	(10,264)	(8,797)	-	-	-	(2,725)	-	1,000	(250,460)
<b>Programme costs - By Genre</b>														
Arts	(1,782)	-	(1,797)	-	(149)	(80)	-	-	-	-	-	-	5	(3,803)
Education	(874)	-	-	(38)	-	(61)	-	-	-	-	-	-	-	(973)
Religious	(2,745)	-	(458)	-	-	(140)	-	-	-	-	-	-	1	(3,342)
Other factual	(29,202)	(2,386)	(1,792)	-	(218)	(1,410)	(783)	-	-	-	-	-	160	(35,631)
Factual	(34,603)	(2,386)	(4,047)	(38)	(367)	(1,691)	(783)	-	-	-	(223)	-	166	(43,749)
Drama	(23,661)	(657)	(610)	-	(12)	(387)	-	-	-	-	(527)	-	4	(25,476)
Entertainment	(19,767)	(5,428)	(2,747)	(4,096)	(633)	(793)	(1,163)	-	-	-	-	-	29	(35,125)
Music	(1,486)	(72)	(5,822)	(4,385)	(4,276)	(1,642)	-	-	-	-	-	-	78	(17,605)
News, Current Affairs and Weather	(36,642)	(2,805)	(16,035)	(2,138)	(555)	(4,766)	(5,820)	-	-	-	(1,094)	-	685	(69,170)
Sport	(890)	(40,744)	(3,631)	(223)	-	(1,176)	(3)	-	-	-	(899)	-	25	(47,341)
Young Peoples	-	(10,943)	-	-	(57)	(184)	(641)	-	-	-	(182)	-	13	(11,994)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Indigenous Programming	(117,049)	(62,965)	(32,892)	(10,880)	(5,888)	(10,264)	(8,797)	-	-	-	(2,725)	-	1,000	(250,460)
Indigenous non-broadcast output costs	-	-	-	-	-	-	-	(15,471)	-	(1,733)	(4,819)	-	86	(21,937)
Acquired Programmes														
- Ireland	(805)	(97)	-	-	-	-	-	-	-	-	-	-	-	(902)
- Overseas	(12,778)	(11,406)	-	-	-	-	-	-	-	-	-	-	-	(24,184)
General broadcast and transmission costs	(11,779)	(10,098)	(2,313)	(665)	(473)	(459)	(80)	-	(166)	-	-	-	84	(25,949)
RTE/NTL transmission and power charges	(3,185)	(3,594)	(1,801)	(866)	(865)	(866)	-	-	-	(667)	-	-	-	(11,844)
Corporate HQ	-	-	-	-	-	-	-	(4,468)	-	-	-	-	(35)	(4,503)
Net interest receivable	-	-	-	-	-	-	-	1,068	-	-	-	-	-	1,068
Net defined benefit pension related	-	-	-	-	-	-	-	220	-	-	-	-	-	220
finance income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Gross cost of Public Service Activities</b>	<b>(145,596)</b>	<b>(88,160)</b>	<b>(37,006)</b>	<b>(12,411)</b>	<b>(7,226)</b>	<b>(11,589)</b>	<b>(8,877)</b>	<b>(15,471)</b>	<b>(3,180)</b>	<b>(1,899)</b>	<b>(7,544)</b>	<b>(667)</b>	<b>-</b>	<b>1,135 (338,491)</b>
<b>Surplus on Commercial Activities</b>	<b>67,119</b>	<b>26,874</b>	<b>18,100</b>	<b>7,017</b>	<b>555</b>	<b>-</b>	<b>-</b>	<b>2,687</b>	<b>40</b>	<b>-</b>	<b>3,708</b>	<b>-</b>	<b>13,063</b>	<b>138,669</b>
<b>Distribution of Non Channel Specific Contribution from Non-Public Service Activities</b>	<b>6,542</b>	<b>3,961</b>	<b>1,663</b>	<b>558</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>339</b>	<b>-</b>	<b>(13,063)</b>	<b>-</b>
<b>Net Cost of Public Service Activities Before Attribution of Public Funding</b>	<b>(71,935)</b>	<b>(57,325)</b>	<b>(17,243)</b>	<b>(4,836)</b>	<b>(6,671)</b>	<b>(11,589)</b>	<b>(8,877)</b>	<b>(12,784)</b>	<b>(3,140)</b>	<b>(1,899)</b>	<b>(3,497)</b>	<b>(667)</b>	<b>-</b>	<b>641 (199,822)</b>
<b>Public Funding</b>														
Licence Fee revenue attribution	64,111	51,090	15,367	4,311	6,671	11,589	8,877	12,784	3,140	1,899	3,117	667	-	183,623
Restructuring and other charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>(Deficit) / Surplus before income tax</b>	<b>(7,824)</b>	<b>(6,235)</b>	<b>(1,876)</b>	<b>(525)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(380)</b>	<b>-</b>	<b>-</b>	<b>641 (16,199)</b>
Income tax	-	-	-	-	-	-	-	-	-	-	-	-	(561)	(561)
<b>Deficit / Surplus for the year</b>	<b>(7,824)</b>	<b>(6,235)</b>	<b>(1,876)</b>	<b>(525)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(380)</b>	<b>-</b>	<b>(561)</b>	<b>(16,760)</b>

External commercial revenue includes € 1.4 million from sales outside of the Republic of Ireland.

# 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 and Current Affairs IBD €'000	Network IBD €'000	Digital IBD €'000	Orchestras IBD €'000	Unallocated <sup>1</sup> €'000	Group Total €'000
Year ended 31 December 2012								
Segment assets	84,556	9,675	5,938	86,672	8,909	830	-	196,580
Unallocated assets	-	-	-	-	-	-	30,570	30,570
<b>Total Assets</b>	<b>84,556</b>	<b>9,675</b>	<b>5,938</b>	<b>86,672</b>	<b>8,909</b>	<b>830</b>	<b>30,570</b>	<b>227,150</b>
Segment liabilities	(44,554)	(2,277)	(1,970)	(52,256)	(5,799)	(474)	-	(107,330)
Unallocated liabilities	-	-	-	-	-	-	(122,754)	(122,754)
<b>Total liabilities</b>	<b>(44,554)</b>	<b>(2,277)</b>	<b>(1,970)</b>	<b>(52,256)</b>	<b>(5,799)</b>	<b>(474)</b>	<b>(122,754)</b>	<b>(230,084)</b>
<b>Capital expenditure</b>	<b>5,067</b>	<b>447</b>	<b>2,018</b>	<b>6,180</b>	<b>786</b>	<b>18</b>	<b>7</b>	<b>14,523</b>
<b>Depreciation of property, plant and equipment</b>	<b>5,164</b>	<b>2,414</b>	<b>1,946</b>	<b>6,611</b>	<b>325</b>	<b>171</b>	<b>(559)</b>	<b>16,072</b>
<b>Amortisation of intangible assets</b>	<b>757</b>	<b>219</b>	<b>78</b>	<b>84</b>	<b>260</b>	<b>10</b>	<b>24</b>	<b>1,432</b>

Year ended 31 December 2011 (as restated)

Segment assets	94,540	11,046	6,277	90,211	6,492	1,189	-	209,755
Unallocated assets	-	-	-	-	-	-	49,959	49,959
<b>Total Assets</b>	<b>94,540</b>	<b>11,046</b>	<b>6,277</b>	<b>90,211</b>	<b>6,492</b>	<b>1,189</b>	<b>49,959</b>	<b>259,714</b>
Segment liabilities	(45,709)	(3,464)	(730)	(52,341)	(3,459)	(824)	-	(106,527)
Unallocated liabilities	-	-	-	-	-	-	(84,687)	(84,687)
<b>Total liabilities</b>	<b>(45,709)</b>	<b>(3,464)</b>	<b>(730)</b>	<b>(52,341)</b>	<b>(3,459)</b>	<b>(824)</b>	<b>(84,687)</b>	<b>(191,214)</b>
<b>Capital expenditure</b>	<b>6,940</b>	<b>1,304</b>	<b>1,169</b>	<b>13,266</b>	<b>1,603</b>	<b>250</b>	<b>68</b>	<b>24,600</b>
<b>Depreciation of property, plant and equipment</b>	<b>5,823</b>	<b>1,873</b>	<b>1,888</b>	<b>5,098</b>	<b>318</b>	<b>178</b>	<b>(593)</b>	<b>14,585</b>
<b>Amortisation of intangible assets</b>	<b>1,010</b>	<b>216</b>	<b>96</b>	<b>19</b>	<b>146</b>	<b>8</b>	<b>30</b>	<b>1,525</b>

<sup>1</sup> Unallocated assets principally comprise cash and liquid investments. Unallocated liabilities principally comprise pension, tax and other financial liabilities together with employee benefits.

Total assets contain €0.2 million situated outside of the Republic of Ireland in 2012 (2011: €1.0 million).

(g) Analysis of network charges to all RTÉ services

	2012 €'000	2011 €'000
RTÉ One	3,323	3,764
RTÉ Two	4,117	3,650
RTÉ Radio 1	1,899	1,906
RTÉ 2fm	904	891
RTÉ lyric fm	903	888
RTÉ Raidió na Gaeltachta	1,017	978
Other	1,752	667
	<b>13,915</b>	<b>12,744</b>

## 2. OPERATING COSTS (BEFORE DEPRECIATION, AMORTISATION, RESTRUCTURING AND OTHER CHARGES)

	2012 €'000	2011 €'000
Employee costs (note 5)	141,017	152,926
Other personnel related costs (including contractors)	32,878	35,559
<b>Personnel Related Operating Costs</b>	<b>173,895</b>	<b>188,485</b>
Direct commissioned programme costs	38,727	45,220
Direct acquired programme costs	24,637	26,116
Sports and other copyrights	25,276	20,579
Outside broadcast contracts	6,001	7,056
Communication circuits	4,083	3,316
RTE Guide printing and related costs	1,666	1,977
Network electricity	2,848	2,895
Music licences	7,223	6,925
Insurance policies	1,460	1,203
Other third party costs	49,186	49,639
<b>Non Personnel Related Operating Costs before depreciation, amortisation, restructuring and other charges</b>	<b>161,107</b>	<b>164,926</b>
<b>Total Operating Costs (before depreciation, amortisation, restructuring and other charges)</b>	<b>335,002</b>	<b>353,411</b>

## 3. NET FINANCE INCOME AND EXPENSE

	2012 €'000	2011 €'000
Interest income on bank deposits	1,149	1,844
Fair value gains on derivative financial instruments not designated as cash flow hedges	-	1,512
<b>Finance income</b>	<b>1,149</b>	<b>3,356</b>
Interest and finance costs on borrowings	(1,186)	(494)
Fair value loss on interest rate swap reclassified from equity	(584)	(90)
Unwind of discount on restructuring costs (note 19)	(375)	(550)
Fair value losses on derivative financial instruments not designated as cash flow hedges	(1,373)	-
<b>Finance expense</b>	<b>(3,518)</b>	<b>(1,134)</b>
Expected return on scheme assets (note 20)	37,896	40,501
Interest cost on scheme liabilities (note 20)	(39,264)	(40,281)
<b>Net defined benefit pension related finance income</b>	<b>(1,368)</b>	<b>220</b>
<b>Net Finance (Expense) / Income recognised in income statement</b>	<b>(3,737)</b>	<b>2,442</b>

## 4. DEFICIT BEFORE INCOME TAX

(a) The Deficit Before Income Tax includes the following amounts:

	2012 €'000	2011 €'000
Depreciation and amortisation		
- Depreciation of property, plant and equipment	16,072	14,585
- Amortisation of intangible assets	1,432	1,525
Gain on disposal of property, plant and equipment and intangible assets	(6)	(23)

## NOTES (CONTINUED)

### FORMING PART OF THE GROUP FINANCIAL STATEMENTS

#### 4. DEFICIT BEFORE INCOME TAX (CONTINUED)

(b) Auditors' remuneration:

	2012 €'000	2011 €'000
<b>Group</b>		
Audit	114	114
Other assurance services	96	108
Tax advisory services	138	56
Other non-audit services	300	64
	<b>648</b>	<b>342</b>
	2012 €'000	2011 €'000
<b>RTÉ</b>		
Audit	90	90
Other assurance services	96	97
Tax advisory services	124	55
Other non-audit services	274	64
	<b>584</b>	<b>306</b>

	2012 €'000	2011 As restated €'000
(c) Directors' remuneration:		
Fees <sup>1</sup>	159	185
Other remuneration including pension contributions	338	358
	<b>497</b>	<b>543</b>

<sup>1</sup> In addition to his Board fees, Joe Little was paid as an employee of RTÉ.

#### 5. EMPLOYEE INFORMATION

Group staff costs during the year amounted to:

	2012 €'000	2011 €'000
Wages and salaries	123,531	129,773
Social welfare costs	10,258	9,716
Pension costs and life assurance	7,228	13,437
	<b>141,017</b>	<b>152,926</b>

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	
	2012	2011	2012	2011
RTÉ Group	1,858	2,093	1,718	1,934

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

	2012	2011
RTÉ Group	1,991	2,150

## 6. RESTRUCTURING AND OTHER CHARGES (GROUP AND RTÉ)

	2012 €'000	2011 €'000
Restructuring and other charges	<b>46,161</b>	-

The 2012 restructuring charge of €46.2 million comprises €46.0 million in respect of employee related restructuring costs (Note 19(b)) arising from the 2011/ 2012 Early Retirement & Redundancy/ Voluntary Severance Facilities (ERRF/ VSF), a pension curtailment gain of €3.1 million (Note 20) and other reorganisation related costs of €3.3 million included in accruals (note 17).

## 7. INCOME TAX

	2012 €'000	2011 €'000
<b>Current Tax (Credit) / Expense</b>		
Current year	-	203
Prior period over provision	<b>(48)</b>	<b>(502)</b>
	<b>(48)</b>	<b>(299)</b>

<b>Deferred Tax Expense / (Credit)</b>		
Origination and reversal of temporary differences (note 21)	<b>5</b>	<b>860</b>

<b>Total Income Tax (Credit) / Expense</b>	<b>(43)</b>	<b>561</b>
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### Reconciliation of Effective Tax Rate

	2012 €'000	2011 €'000
Deficit before income tax multiplied by the standard rate of corporation tax in Ireland of 12.5% (2011: 12.5%)	<b>(8,149)</b>	<b>(2,025)</b>
<b>Effects of:</b>		
Income taxable at a higher rate of tax	-	253
Non recognition of deferred tax on current year losses	<b>8,969</b>	-
Losses utilised	<b>217</b>	-
Non taxable curtailment gain	<b>(394)</b>	-
Recognition of losses forward	-	1,346
Other differences	<b>(723)</b>	1,039
Disallowed expenses	<b>37</b>	-
Permanent differences	-	40
Carry back of losses to prior year	-	(92)
<b>Total Income Tax (Credit) / Expense</b>	<b>(43)</b>	<b>561</b>

### Deferred Tax Recognised directly in Other Comprehensive Income

Relating to pension asset (note 21)	<b>10</b>	<b>(400)</b>
Relating to cash flow hedge (note 21)	<b>(67)</b>	<b>(334)</b>
	<b>(57)</b>	<b>(734)</b>

Television Licence Fee income that RTÉ receives by way of 'grant-in-aid' is subject to corporation tax with effect from 1 January 2007. The Group has trading losses forward for tax purposes of €610 million at 31 December 2012. Due to the uncertainty surrounding when these losses may ultimately be utilised, no deferred tax asset has been recognised.

In addition, a deferred tax asset of €5.9 million has not been recognised in respect of the deficit on the RTÉ Superannuation Scheme due to uncertainty surrounding when the asset may be utilised (note 21).

## NOTES (CONTINUED)

### FORMING PART OF THE GROUP FINANCIAL STATEMENTS

#### 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
<b>Cost</b>					
Balance at 1 January 2011	66,623	149,012	1,676	29,192	246,503
Additions	-	-	-	22,723	22,723
Reclassifications	2,326	27,552	8	(29,886)	-
Disposals and retirements	(11)	(2,028)	-	-	(2,039)
<b>Balance at 31 December 2011</b>	<b>68,938</b>	<b>174,536</b>	<b>1,684</b>	<b>22,029</b>	<b>267,187</b>
Balance at 1 January 2012	68,938	174,536	1,684	22,029	267,187
Additions	-	-	-	12,424	12,424
Reclassifications	274	24,052	-	(24,326)	-
Disposals and retirements	(333)	(25,279)	(10)	-	(25,622)
<b>Balance at 31 December 2012</b>	<b>68,879</b>	<b>173,309</b>	<b>1,674</b>	<b>10,127</b>	<b>253,989</b>
<b>Depreciation</b>					
Balance at 1 January 2011	48,303	104,926	1,159	-	154,388
Depreciation for the year	3,101	11,352	132	-	14,585
Disposals and retirements	(8)	(2,026)	-	-	(2,034)
<b>Balance at 31 December 2011</b>	<b>51,396</b>	<b>114,252</b>	<b>1,291</b>	<b>-</b>	<b>166,939</b>
Balance at 1 January 2012	51,396	114,252	1,291	-	166,939
Depreciation for the year	2,963	12,982	127	-	16,072
Disposals and retirements	(332)	(25,271)	(10)	-	(25,613)
<b>Balance at 31 December 2012</b>	<b>54,027</b>	<b>101,963</b>	<b>1,408</b>	<b>-</b>	<b>157,398</b>
<b>Net Book Value</b>					
At 31 December 2011	17,542	60,284	393	22,029	100,248
<b>At 31 December 2012</b>	<b>14,852</b>	<b>71,346</b>	<b>266</b>	<b>10,127</b>	<b>96,591</b>

The Board of RTÉ has reviewed the carrying value of property, plant and equipment and is satisfied that the values are worth at least the amount stated above.

#### *Capitalised borrowing costs*

Over the past numbers of years RTÉ (through its subsidiary RTÉNL) had been progressively planning, constructing and installing the DTT infrastructure necessary to enable Analogue Switch-Off (ASO) to happen at an estimated total cost to RTÉNL of approximately €60 million. ASO took place on 24 October 2012. The DTT project is the largest infrastructure project carried out by RTÉ since the launch of Television services in 1962 and was financed entirely by RTÉNL from a combination of its own resources and from bank borrowing. The amount of borrowing costs capitalised during the year ended 31 December 2012 was €0.8 million (2011: €0.6 million).

## 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
<b>Cost</b>					
Balance at 1 January 2011	58,918	68,298	1,648	1,721	130,585
Additions	-	-	-	9,395	9,395
Reclassifications	1,182	2,903	8	(4,093)	-
Disposals and retirements	-	(1,258)	-	-	(1,258)
<b>Balance at 31 December 2011</b>	<b>60,100</b>	<b>69,943</b>	<b>1,656</b>	<b>7,023</b>	<b>138,722</b>
Balance at 1 January 2012	60,100	69,943	1,656	7,023	138,722
Additions	-	-	-	6,070	6,070
Reclassifications	81	5,849	-	(5,930)	-
Disposals and retirements	(71)	(2,164)	-	-	(2,235)
<b>Balance at 31 December 2012</b>	<b>60,110</b>	<b>73,628</b>	<b>1,656</b>	<b>7,163</b>	<b>142,557</b>
<b>Depreciation</b>					
Balance at 1 January 2011	44,832	51,164	1,135	-	97,131
Depreciation for the year	2,817	6,861	130	-	9,808
Disposals and retirements	-	(1,257)	-	-	(1,257)
<b>Balance at 31 December 2011</b>	<b>47,649</b>	<b>56,768</b>	<b>1,265</b>	<b>-</b>	<b>105,682</b>
Balance at 1 January 2012	47,649	56,768	1,265	-	105,682
Depreciation for the year	2,617	6,967	126	-	9,710
Disposals and retirements	(71)	(2,164)	-	-	(2,235)
<b>Balance at 31 December 2012</b>	<b>50,195</b>	<b>61,571</b>	<b>1,391</b>	<b>-</b>	<b>113,157</b>
<b>Net Book Value</b>					
At 31 December 2011	12,451	13,175	391	7,023	33,040
<b>At 31 December 2012</b>	<b>9,915</b>	<b>12,057</b>	<b>265</b>	<b>7,163</b>	<b>29,400</b>

The Board of RTÉ has reviewed the carrying value of property, plant and equipment and is satisfied that the values are worth at least the amount stated above.

## NOTES (CONTINUED)

### FORMING PART OF THE GROUP FINANCIAL STATEMENTS

#### 9. INTANGIBLE ASSETS

Group

	Software €'000	Software under construction €'000	Total €'000
<b>Cost</b>			
Balance at 1 January 2011	9,340	255	9,595
Additions	-	1,877	1,877
Reclassifications	390	(390)	-
Disposals and retirements	(22)	-	(22)
<b>Balance at 31 December 2011</b>	<b>9,708</b>	<b>1,742</b>	<b>11,450</b>
Balance at 1 January 2012	9,708	1,742	11,450
Additions	-	2,099	2,099
Reclassifications	2,411	(2,411)	-
Disposals and retirements	-	-	-
<b>Balance at 31 December 2012</b>	<b>12,119</b>	<b>1,430</b>	<b>13,549</b>
<b>Amortisation and impairment losses</b>			
Balance at 1 January 2011	6,266	-	6,266
Amortisation for the year	1,525	-	1,525
Disposals and retirements	(22)	-	(22)
<b>Balance at 31 December 2011</b>	<b>7,769</b>	<b>-</b>	<b>7,769</b>
Balance at 1 January 2012	7,769	-	7,769
Amortisation for the year	1,432	-	1,432
Disposals and retirements	-	-	-
<b>Balance at 31 December 2012</b>	<b>9,201</b>	<b>-</b>	<b>9,201</b>
<b>Net Book Value</b>			
At 31 December 2011	1,939	1,742	3,681
<b>At 31 December 2012</b>	<b>2,918</b>	<b>1,430</b>	<b>4,348</b>

The Board of RTÉ has reviewed the carrying value of intangible assets and is satisfied that the values are worth at least the amount stated above.

## 9. INTANGIBLE ASSETS (CONTINUED)

### RTÉ

	Software €'000	Software under construction €'000	Total €'000
<b>Cost</b>			
Balance at 1 January 2011	8,443	128	8,571
Additions	-	471	471
Reclassifications	68	(68)	-
Disposals and retirements	(22)	-	(22)
<b>Balance at 31 December 2011</b>	<b>8,489</b>	<b>531</b>	<b>9,020</b>
Balance at 1 January 2012	8,489	531	9,020
Additions	-	1,576	1,576
Reclassifications	1,097	(1,097)	-
Disposals and retirements	-	-	-
<b>Balance at 31 December 2012</b>	<b>9,586</b>	<b>1,010</b>	<b>10,596</b>
<b>Amortisation and impairment losses</b>			
Balance at 1 January 2011	5,846	-	5,846
Amortisation for the year	1,360	-	1,360
Disposals and retirements	(22)	-	(22)
<b>Balance at 31 December 2011</b>	<b>7,184</b>	<b>-</b>	<b>7,184</b>
Balance at 1 January 2012	7,184	-	7,184
Amortisation for the year	1,087	-	1,087
Disposals and retirements	-	-	-
<b>Balance at 31 December 2012</b>	<b>8,271</b>	<b>-</b>	<b>8,271</b>
<b>Net Book Value</b>			
At 31 December 2011	1,305	531	1,836
<b>At 31 December 2012</b>	<b>1,315</b>	<b>1,010</b>	<b>2,325</b>

The Board of RTÉ has reviewed the carrying value of intangible assets and is satisfied that the values are worth at least the amount stated above.

## 10. RESTRICTED CASH

	Group 2012 €'000	Group 2011 €'000	RTÉ 2012 €'000	RTÉ 2011 €'000
Restricted cash	<b>3,000</b>	2,000	-	-

In accordance with the project loan facility entered into on 22 December 2010 (note 16), the Group was obliged to pay €3 million into a restricted cash account as at 31 December 2012.

# NOTES (CONTINUED)

## FORMING PART OF THE GROUP FINANCIAL STATEMENTS

### 11. INVESTMENTS IN SUBSIDIARIES

#### RTÉ

	Total €'000
Balance at 1 January 2012	65,827
Additions	-
<b>Balance at 31 December 2012</b>	<b>65,827</b>

RTÉ had the following subsidiaries at 31 December 2012:

Subsidiary companies	Share capital held	Class of business
RTÉ Commercial Enterprises Limited	100%	Publications, various commercial activities & other
RTÉ Music Limited	100%	Music publishing
RTÉ Transmission Network Limited	100%	Management of transmission network assets
RTÉ Licence Collections Limited	100%	Dormant
DTT Network Company	100%	Dormant
Seirbhísí Theilifís na Gaeilge Teoranta	100%	Dormant

The Board has reviewed the carrying value of the Group's remaining investments and is satisfied that the values are fairly stated.

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.

RTÉ had the following joint venture at 31 December 2012:

Joint Venture company	Share capital held	Class of business
Multiplex Broadcasting Services NI Limited	66.6%	Transmission of free-to-air digital television services in Northern Ireland and related multiplex services.

The registered office of Multiplex Broadcasting Services NI Limited is at Murray House, Murray St, Belfast.

## 11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Classification of RTÉ Group Activities by Integrated Business Division (IBD) and by Legal Entity

	RTÉ	RTÉ Commercial Enterprises Limited	RTÉ Music	RTÉ Transmission Network Limited
<b>RTÉ TELEVISION IBD</b>				
Free-to-air broadcast of public service television schedules and channels	•			
Commissioning and production of indigenous television programmes	•			
Statutory commissioning of programme content from independent EU producers	•			
Acquisition of domestic/non-domestic television programmes	•			
Statutory provision of non-news and current affairs programming to TG4	•			
Provision of content for RTÉ's free-to-access online services	•			
Television advertising and sponsorship sales	•			
Hire of television production facilities to third parties	•			
Provision of broadcast circuits and technical facilities to third parties	•			
Administration of RTÉ Television IBD	•			
Programme merchandising sales		•		
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		•		
<b>RTÉ RADIO IBD</b>				
Free-to-air broadcast of public service Radio schedules / channels	•			
Commissioning and production of indigenous radio programmes	•			
Acquisition of domestic/non-domestic radio programmes	•			
Radio advertising and sponsorship sales	•			
Provision of content for RTÉ's free-to-access online services	•			
Administration of RTÉ Radio IBD	•			
Hire of radio production facilities to third parties		•		
Programme merchandising sales		•		
Listing sales		•		
IVR/SMS Telecoms revenue share		•		
Roadcaster mobile studio and promotional sales		•		
Studio production of Radio advertisements		•		
Non-broadcasting advertising revenue share		•		
Statutory commissioning of programme content from independent EU producers	•			
<b>RTÉ NEWS AND CURRENT AFFAIRS IBD</b>				
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	•			
Provision of news and current affairs content to RTÉ's free web-based public service Online services	•			
<b>RTÉ NETWORK IBD</b>				
Provision of national analogue radio and television broadcast transmission services				•
Provision of national digital radio and television broadcast transmission services				•
Hire of ancillary mast and tower facilities				•
Administration of RTÉ Network IBD				•
<b>RTÉ DIGITAL IBD</b>				
Sale of music copyright			•	
Maintenance of Television channel archives and news library	•			
Sale of library and archive material		•		
Maintenance of Radio channel archive and library	•			
Provision of RTÉ Aertel teletext services			•	
Provision of a range of free to public, public service web-based Online services			•	
Operation of the RTÉ Player to domestic and international audiences			•	
Sale of online banner advertising and sponsorship			•	
Sale of teletext advertising and sponsorship			•	
Commercial Telecoms revenue			•	
Incubation and development of new media technologies			•	
Administration of RTÉ Digital IBD			•	
Provision of additional opportunities to access RTÉ's public service news content via RTÉ News Now Online			•	
<b>RTÉ ORCHESTRAS QUARTET &amp; CHOIRS IBD</b>				
Orchestral and choir performances	•			
Commission, production, performance and recording of orchestral and choir music	•			
Hire of RTÉ National Symphony and Concert Orchestras	•			
Administration of RTÉ Orchestras Quartet & Choirs IBD	•			
<b>CENTRALLY INCURRED SHARED SERVICES</b>				
Group Communications, Central HR, Group Legal, Group Treasury, Central IT Support, Donnybrook Site Services, Group Insurance and Group Pensions	•			
Production and publication of the RTÉ Guide magazine		•		
RTÉ Guide Advertising Sales		•		
<b>CORPORATE HQ</b>				
Direction and overall operation of Public Service Broadcaster	•			
Holding of investments in broadcasting related activities	•			

## NOTES (CONTINUED)

### FORMING PART OF THE GROUP FINANCIAL STATEMENTS

#### 12. INVENTORIES

	Group		RTÉ	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
<i>Work in progress</i>				
In-house programmes	844	1,030	807	980
Commissioned programmes	11,012	11,622	11,012	11,622
<i>Finished programmes</i>				
Acquired programmes and films	16,226	18,810	16,226	18,810
In-house programmes	312	826	312	826
Commissioned programmes	3,533	2,727	3,533	2,727
Other inventories	2,009	2,029	-	-
	<b>33,936</b>	37,044	<b>31,890</b>	34,965

Inventories consumed during the year ended 31 December 2012 total €81.2 million (2011: €81.6 million).

Other inventories relate to minor spare parts held in the Network business and printing paper held in respect of the RTÉ Guide.

#### 13. TRADE AND OTHER RECEIVABLES

	Group		RTÉ	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
<i>Current Assets</i>				
Trade receivables	34,714	37,137	28,517	30,257
Other receivables	688	626	688	619
	<b>35,402</b>	37,763	<b>29,205</b>	30,876
<i>Non-Current Assets</i>				
Other receivables	87	208	87	208
	<b>35,489</b>	37,971	<b>29,292</b>	31,084

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 22.

#### 14. LIQUID INVESTMENTS

	Group		RTÉ	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Liquid Investments - Term Deposits	16,211	23,201	13,110	20,197
Weighted average interest rate on term deposits	2.11%	3.28%	2.15%	3.14%

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 22.

## 15. CASH AND CASH EQUIVALENTS

	Group		RTÉ	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
<i>Current Assets</i>				
Bank balances	<b>1,568</b>	2,686	<b>1,135</b>	2,053
Call deposits	<b>19,337</b>	34,849	<b>17,469</b>	29,848
<b>Cash and Cash Equivalents</b>	<b>20,905</b>	37,535	<b>18,604</b>	31,901
<i>Non-Current Assets</i>				
Restricted cash (note 10)	<b>3,000</b>	2,000	-	-
<b>Total cash and cash equivalents and restricted cash</b>	<b>23,905</b>	39,535	<b>18,604</b>	31,901
Weighted average interest rate	<b>0.77%</b>	4.10%	<b>0.76%</b>	4.00%

Bank balances include €1.93 million (2011: €1.17 million) in respect of amounts held in the Independent Programmes account in accordance with Section 116 of the *Broadcasting Act 2009*.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 22.

## 16. INTEREST-BEARING LOANS AND BORROWINGS

	Interest rate %	Maturity	Group		RTÉ	
			2012 €'000	2011 €'000	2012 €'000	2011 €'000
Amortising Term Loan Facility	Lender cost of funds plus margin	28 May 2017	<b>15,000</b>	-	<b>15,000</b>	-
Project Loan Facility	EURIBOR plus margin	22 December 2015	<b>38,250</b>	38,250	-	-
			<b>53,250</b>	38,250	<b>15,000</b>	-
<b>Analysed as follows:</b>						
Non-Current			<b>51,375</b>	38,250	<b>13,125</b>	-
Current			<b>1,875</b>	-	<b>1,875</b>	-
			<b>53,250</b>	38,250	<b>15,000</b>	-

On 28 May 2012, RTÉ entered into a 5 year amortising term loan facility with Bank of Ireland amounting to €15 million for working capital purposes. The term loan was drawn down in full as at 31 July 2012. RTÉ was in full compliance with the financial covenants at the balance sheet date.

On 22 December 2010, RTÉNL entered into a five year project loan facility agreement amounting to €38.25 million. RTÉNL entered an interest rate swap to convert floating rate debt to fixed rate debt for the entire value and duration of the borrowing facility. RTÉNL was in full compliance with the financial covenants at the balance sheet date.

RTÉNL is not aware of any stated events of default as defined in the Agreements.

## NOTES (CONTINUED)

### FORMING PART OF THE GROUP FINANCIAL STATEMENTS

#### 16. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

##### Lender Security - Project Loan Facility

It was one of the conditions to the availability of the project loan facility that RTÉNL execute a security deed agreement and provide the lender security as follows:

- Lands of 13 main DTT transmission sites;
- All RTÉNL present and future fixtures and fittings on the DTT transmission sites;
- All RTÉNL rental income and occupational leases;
- Rights and benefits of RTÉNL insurance policies;
- Certain bank accounts of RTÉNL relating to the DTT project (i.e. the Sinking Fund Account and the Insurance Proceeds Account); and
- Deeds of Assignment creating security assignments in respect of certain commercial contracts and DTT Construction Contracts.

RTÉ has entered an undertaking to pay to RTÉNL by way of a loan an amount equal to any interest and/or fees falling due under the loan facility agreement should RTÉNL not have sufficient funds to do so. The undertaking is subject to specific terms and conditions which determine when this obligation arises.

#### 17. TRADE AND OTHER PAYABLES

	Group		RTÉ	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Trade payables	5,420	4,238	4,230	3,413
Amounts owed to subsidiary entities	-	-	120,990	108,480
Accruals	63,492	60,693	54,239	51,387
Deferred income	7,334	6,698	3,252	1,968
	<b>76,246</b>	<b>71,629</b>	<b>182,711</b>	<b>165,248</b>

The Group's exposure to currency risk related to trade and other payables is disclosed in note 22.

#### 18. TAXATION AND SOCIAL WELFARE

	Group		RTÉ	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
VAT	4,132	4,095	3,415	3,760
Payroll	3,870	6,559	3,810	6,432
Corporation tax	-	(206)	-	(410)
	<b>8,002</b>	<b>10,448</b>	<b>7,225</b>	<b>9,782</b>

#### 19. EMPLOYEE BENEFITS

##### (a) Total Employee Benefits

	Group		RTÉ	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Restructuring costs (b)	34,610	12,505	34,610	12,505
Other payroll related accruals (c)	7,553	7,913	7,174	7,499
Total employee benefits	<b>42,163</b>	<b>20,418</b>	<b>41,784</b>	<b>20,004</b>
Analysed as follows:				
Non-Current Liabilities	24,731	9,231	24,731	9,231
Current Liabilities	17,432	11,187	17,053	10,773
	<b>42,163</b>	<b>20,418</b>	<b>41,784</b>	<b>20,004</b>

## 19. EMPLOYEE BENEFITS (CONTINUED)

### (b) Restructuring Costs

Group and RTÉ	2012 €'000	2011 €'000
Balance at beginning of year	12,505	19,708
Charged during the year (note 6)	45,964	-
Reclassification from other payroll related accruals	-	1,768
Utilised during the year	(24,234)	(9,521)
Interest charge (note 3)	375	550
<b>Balance at end of year</b>	<b>34,610</b>	<b>12,505</b>
<b>Analysed as follows:</b>		
Non-Current	24,731	9,231
Current	9,879	3,274

The restructuring costs at 31 December 2012 represent the Board's best estimate of the discounted value of future payments required in respect of the Group's remaining obligations under the various restructuring schemes.

A wide ranging strategic review was undertaken in late 2011 / early 2012 which encompassed all aspects of RTÉ's activities. A key element of the RTÉ restructuring programme was the 2011 and 2012 ERRF and VSF under which 350 people voluntarily left RTÉ during 2011 and 2012, 269 in 2012 alone.

### (c) Other Employee Related Accruals

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

## 20. PENSION ARRANGEMENTS (GROUP AND RTÉ)

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.

The RTÉ '50/50' Risk-Sharing Pension Scheme commenced on 1 September 2010 and consists of a core defined benefit (DB) promise based on a capped salary level with a defined contribution (DC) arrangement for earnings above the cap.

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

	Notes	2012 €'000	2011 €'000
<b>RTÉ Superannuation Scheme</b>			
- current service cost		3,375	4,242
- past service (credit) / cost (a)		(5,493)	39
- curtailment gain	6	(3,148)	-
<b>RTÉ '50/50' Risk-Sharing Pension Scheme (DB Section)</b>			
- current service cost		456	413
		<b>(4,810)</b>	4,694
<b>RTÉ '50/50' Risk-Sharing Pension Scheme (DC Section)</b>			
RTÉ Defined Contribution Pension Scheme		221	198
Other schemes		8,179	8,107
		21	23

(a) In the case of the RTÉ Superannuation Scheme, a past service credit arises in 2012 as a result of the Trustees' decision in 2012 to reduce the accrued benefits of members as at 30 June 2011 to reflect the 2011 Pension Levy.

At the balance sheet date the (deficit)/ surplus in relation to defined benefit arrangements is as follows:

Group and RTÉ	2012 €'000	2011 €'000
Net pension liability in RTÉ Superannuation Scheme	(47,086)	(47,797)
Net pension asset in RTÉ '50/50' Risk-Sharing Pension Scheme	746	664
	<b>(46,340)</b>	<b>(47,133)</b>

## NOTES (CONTINUED)

### FORMING PART OF THE GROUP FINANCIAL STATEMENTS

#### 20. PENSION ARRANGEMENTS (GROUP AND RTÉ) (CONTINUED)

The movement in the pension liability during the year is as follows:

	RTÉ Superannuation Scheme €'000	'50/50' Risk- Sharing Pension Scheme €'000	2012 Total €'000	RTÉ Superannuation Scheme €'000	'50/50' Risk- Sharing Pension Scheme €'000	2011 Total €'000
At 1 January	(47,797)	664	(47,133)	3,633	228	3,861
Current service costs	(3,375)	(456)	(3,831)	(4,242)	(413)	(4,655)
Past service credit/(costs)	5,493	-	5,493	(39)	-	(39)
RTÉ contributions	2,169	990	3,159	2,613	968	3,581
Net DB pension related finance income	(1,413)	45	(1,368)	212	8	220
Net actuarial loss on DB Scheme	(5,311)	(497)	(5,808)	(49,974)	(127)	(50,101)
Curtailment gain (note 6)	3,148	-	3,148	-	-	-
At 31 December	(47,086)	746	(46,340)	(47,797)	664	(47,133)

#### RTÉ Superannuation Scheme:

As is required by the *Pensions Act, 1990*, 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 2013 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 €47.3 million (1 January 2012: deficit €25.22 million), with allowance being made in the liabilities for relevant related post retirement increases. The actuarial funding valuation report is not available for public inspection; however, the results of valuations are advised to members.

The actuaries carried out a valuation in accordance with the Minimum Funding Standard (MFS) provisions of the *Pensions Act, 1990* as at 15th March 2012 at which time the Scheme met the Minimum Funding Standard. An Actuarial Funding Certificate was submitted on this basis. The actuaries have also carried out a valuation in accordance with Minimum Funding Standard as at 31 December 2012 and have reported a deficit on this basis of €55.4 million (31 December 2011: deficit of €71.8 million).

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.

## 20. PENSION ARRANGEMENTS (GROUP AND RTÉ) (CONTINUED)

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

Valuation method	2012 Projected unit	2011 Projected unit	2010 Projected unit
Average projected rate of increase in salaries:			
Over the next two years	0%	0%	1.0%
Over the following two years	0.5%	2.25%	2.5%
Thereafter	2.0%	2.5%	2.5%
Average projected rate of increase in pensions in payment:			
Over the next two years	0%	0%	0%
Over the following four years	0.25%	1.7%	2.4%
Thereafter	2.0%	2.5%	2.5%
Discount rate	3.5%	4.85%	5.05%
Inflation assumption	2.0%	2.0%	2.0%
Mortality	Years	Years	Years
Life Expectancy Future Retirees			
Male of age 65	24.8	24.8	23.6
Female of age 65	25.9	25.9	24.7
Life Expectancy Existing Pensioners			
Male of age 65	23.3	23.3	22.0
Female of age 65	24.8	24.8	23.5

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

Asset category	2012	2011
Equities	40.6%	39.6%
Bonds	44.9%	41.7%
Property	5.5%	5.9%
Other	9.0%	12.8%
	100%	100%

## NOTES (CONTINUED)

### FORMING PART OF THE GROUP FINANCIAL STATEMENTS

#### 20. PENSION ARRANGEMENTS (GROUP AND RTÉ) (CONTINUED)

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

	2012 Fair value €'000	2011 Fair value €'000	Long term rate of return expected
Equities	338,391	306,963	6.55%
Bonds	374,010	323,368	3.35%
Property	46,138	45,543	4.20%
Other	74,774	99,816	5.90%
Total fair value of assets	833,313	775,690	
Actuarial value of the liability	(880,399)	(823,487)	
Deficit in RTÉ Superannuation Scheme	(47,086)	(47,797)	
<b>Net Pension Liability Recognised</b>	<b>(47,086)</b>	<b>(47,797)</b>	

As a result of the application of IAS 19 *Employee Benefits (Amendment)*, the long term rate of expected return for 2013 is the discount rate. For prior years the long term expected rate of return was determined based on the assets held.

#### Movement in Present Value of Defined Benefit Obligations

	2012 €'000	2011 €'000
Defined Benefit Obligations at 1 January	823,487	809,064
Current service cost	3,375	4,242
Past service (credit) / cost	(5,493)	39
Member contributions	1,784	2,448
Benefits paid by the plan	(42,623)	(38,615)
Interest cost	39,155	40,221
Actuarial losses recognised in equity (see below)	63,862	6,088
Curtailement gain (note 6)	(3,148)	-
Defined Benefit Obligations at 31 December	880,399	823,487

#### Movement in Present Value of Plan Assets

	2012 €'000	2011 €'000
Fair Value of Plan Assets at 1 January	775,690	812,697
RTÉ contributions	2,169	2,613
Member contributions	1,784	2,448
Benefits paid by the plan	(42,623)	(38,615)
Expected return on plan assets	37,742	40,433
Actuarial gains / (losses) recognised in equity	58,551	(43,886)
Fair Value of Plan Assets at 31 December	833,313	775,690

## 20. PENSION ARRANGEMENTS (GROUP AND RTÉ) (CONTINUED)

### Expense Recognised in Group Income Statement

	2012 €'000	2011 €'000
<b>Charged to Operating Costs</b>		
Current service costs	3,375	4,242
Past service (credit) / costs	(5,493)	39
Curtailement gain	(3,148)	-
	<b>(5,266)</b>	4,281
<b>Credited to Net Finance Income</b>		
Expected return on pension scheme assets	37,742	40,433
Interest on pension scheme liabilities	(39,155)	(40,221)
	<b>(1,413)</b>	212
Actual Return on Plan Assets	<b>96,293</b>	(3,453)

### Actuarial Losses Recognised directly in Other Comprehensive Income

	2012 €'000	2011 €'000
Cumulative amount at 1 January	(63,465)	(13,491)
Actual return less expected return on pension scheme assets	58,551	(43,886)
Experience gains arising on the scheme liabilities	(3,312)	(1,018)
Changes in assumptions underlying the present value of the scheme liabilities	(60,550)	(5,070)
Cumulative amount at 31 December	<b>(68,776)</b>	(63,465)

### Pensions Levy:

The expected return on assets for 2012 was reduced by 0.6% to reflect the impact of the Pension Levy. The levy was 0.6% of Scheme assets as at 30 June 2012.

The employer contribution rate to the RTÉ Superannuation Scheme for the year ended 31 December 2012 was 8.0% of employee members' pensionable earnings (2011: 8.0%).

### Historical Information

	2012 €'000	2011 €'000	2010 €'000	2009 €'000	2008 €'000
Present value of the defined benefit obligation	(880,399)	(823,487)	(809,064)	(769,924)	(820,051)
Fair value of the plan assets	833,313	775,690	812,697	779,132	733,434
(Deficit) / surplus in the plan	<b>(47,086)</b>	(47,797)	3,633	9,208	(86,617)
Difference between expected and actual return on assets	<b>58,551</b>	(43,886)	24,262	33,971	(295,890)
Expressed as a percentage of scheme assets	<b>7.0%</b>	(5.7%)	3.0%	4.4%	(40.3%)
Experience (loss) / gain arising on scheme liabilities	<b>(3,312)</b>	(1,018)	1,792	48,910	(3,917)
Expressed as a percentage of scheme liabilities	<b>(0.4%)</b>	(0.1%)	0.2%	6.4%	(0.5%)
Effect of changes in actuarial assumptions	<b>(60,550)</b>	(5,070)	(30,205)	17,243	194,543
Expressed as a percentage of scheme liabilities	<b>(6.9%)</b>	(0.6%)	(3.7%)	2.2%	23.7%
Total actuarial (losses) and gains	<b>(5,311)</b>	(49,974)	(4,151)	100,124	(105,264)
Expressed as a percentage of scheme liabilities	<b>(0.6%)</b>	(6.1%)	(0.5%)	13.0%	(12.9%)

The Group expects to pay €1.4 million in contributions to the RTÉ Superannuation Scheme in 2013.

## NOTES (CONTINUED)

### FORMING PART OF THE GROUP FINANCIAL STATEMENTS

#### 20. PENSION ARRANGEMENTS (GROUP AND RTÉ) (CONTINUED)

##### RTÉ '50/50' Risk-Sharing Pension Scheme:

The most recent actuarial funding valuation in respect of the RTÉ '50/50' Risk-Sharing Pension Scheme was carried out as at 1 January 2013 and was completed subsequent to the year end by the Scheme actuary, Mercer. 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 €1.4 million (1 January 2012: surplus €0.7 million). The actuarial funding valuation report is not available for public inspection; however, the results of valuations are advised to members.

The major assumptions used for the purposes of the IAS 19 based accounting valuation of the RTÉ '50/50' Risk-Sharing Pension Scheme were:

Valuation method	2012 Projected unit	2011 Projected unit
Average projected rate of increase in salaries:		
Over the next two years	0%	0%
Over the following two years	0.5%	2.25%
Thereafter	2.0%	2.5%
Average projected rate of increase in pensions in payment	2.0%	2.0%
Discount rate	3.5%	4.85%
Inflation assumption	2.0%	2.0%
Mortality	Years	Years
Life Expectancy Future Retirees		
Male of age 65	24.8	24.8
Female of age 65	25.9	25.9
Life Expectancy Existing Pensioners		
Male of age 65	23.3	N/A
Female of age 65	24.8	N/A

The assets of the Defined Benefit section of the RTÉ '50/50' Risk-Sharing Pension Scheme are invested in the Irish Life Consensus Managed Fund.

The fair value of the assets in the scheme and the present value of the liabilities in the scheme were:

	2012 €'000	2011 €'000
Total fair value of assets	3,796	1,955
Actuarial value of the liability	(3,050)	(1,291)
Surplus in RTÉ '50/50' Risk-Sharing Pension Scheme	746	664
<b>Net Pension Asset Recognised</b>	<b>746</b>	<b>664</b>

## 20. PENSION ARRANGEMENTS (GROUP AND RTÉ) (CONTINUED)

### Movement in Present Value of Defined Benefit Obligations

	2012 €'000	2011 €'000
Defined Benefit Obligations at 1 January	1,291	280
Current service cost	456	413
Member contributions	540	523
Benefits paid	(5)	-
Insurance premium paid	(30)	(35)
Interest cost	109	60
Actuarial losses recognised in other comprehensive income (see below)	689	50
<b>Defined Benefit Obligations at 31 December</b>	<b>3,050</b>	<b>1,291</b>

### Movement in Present Value of Plan Assets

	2012 €'000	2011 €'000
Fair Value of Plan Assets at 1 January	1,955	508
RTÉ contributions	990	968
Member contributions	540	523
Benefits paid	(5)	-
Insurance premium paid	(30)	(35)
Expected return on plan assets	154	68
Actuarial gain/(losses) recognised in other comprehensive income (see below)	192	(77)
<b>Fair Value of Plan Assets at 31 December</b>	<b>3,796</b>	<b>1,955</b>

### Expense Recognised in Group Income Statement

	2012 €'000	2011 €'000
<b>Charged to Operating Costs</b>		
Current service costs	456	413
	<b>456</b>	<b>413</b>
<b>Credited to Net Finance Income</b>		
Expected return on pension scheme assets	154	68
Interest on pension scheme liabilities	(109)	(60)
	<b>45</b>	<b>8</b>
<b>Actual Return on Plan Assets</b>	<b>346</b>	<b>(9)</b>

### Actuarial Gains and Losses Recognised directly in Other Comprehensive Income

	2012 €'000	2011 €'000
Cumulative amount at 1 January	(118)	9
Actual return less expected return on pension scheme assets	192	(77)
Experience losses arising on the scheme liabilities	(78)	(48)
Changes in assumptions underlying the present value of the scheme liabilities	(611)	(2)
<b>Cumulative amount at 31 December</b>	<b>(615)</b>	<b>(118)</b>

## NOTES (CONTINUED)

### FORMING PART OF THE GROUP FINANCIAL STATEMENTS

#### 20. PENSION ARRANGEMENTS (GROUP AND RTÉ) (CONTINUED)

##### Pensions Levy:

The expected return on assets for 2012 was reduced by 0.6% to reflect the impact of the Pension Levy. The levy was 0.6% of Scheme assets as at 30 June 2012.

The employer contribution rate to the Defined Benefit Section of the RTÉ '50/50' Risk-Sharing Pension Scheme for the year ended 31 December 2012 was 8.75 % of employee members' remuneration (defined as pensionable salary and allowances up to the cap, currently €48,000 p.a.). The actuaries to the scheme have carried out a long term actuarial funding valuation which gave rise to a surplus of €1.4 million as at 1 January 2013 (1 January 2012: surplus €0.7 million). The actuaries have also carried out a valuation in accordance with the Minimum Funding Standard provisions of the *Pensions Act, 1990* and have reported a surplus on this basis of €2.4 million (1 January 2012: surplus € 1.2 million).

The Group expects to pay €0.99 million in contributions to the RTÉ '50/50' Risk-Sharing Pension Scheme in 2013.

##### Historical Information

	2012 €'000	2011 €'000	2010 €'000
Present value of the defined benefit obligation	<b>(3,050)</b>	(1,291)	(280)
Fair value of the plan assets	<b>3,796</b>	1,955	508
Surplus in the plan	<b>746</b>	664	228
Difference between expected and actual return on assets	<b>192</b>	(77)	9
Expressed as a percentage of scheme assets	<b>5.1%</b>	(3.9%)	1.8%
Experience loss arising on scheme liabilities	<b>(78)</b>	(48)	-
Expressed as a percentage of scheme liabilities	<b>(2.6%)</b>	(3.7%)	-
Effect of changes in actuarial assumptions	<b>(611)</b>	(2)	-
Expressed as a percentage of scheme liabilities	<b>(20.0%)</b>	(0.1%)	-
Total actuarial losses	<b>(497)</b>	(127)	9
Expressed as a percentage of scheme liabilities	<b>(16.3%)</b>	(9.8%)	3.2%

#### 21. DEFERRED TAX

##### Group

##### Recognised Deferred Tax Assets and Liabilities

	Assets Net		(Liabilities) Net	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Property, plant and equipment	<b>92</b>	97	-	-
Pension asset	-	-	<b>(93)</b>	(83)
Derivatives – cash flow hedge	<b>401</b>	334	-	-
Net Tax Assets / (Liabilities)	<b>493</b>	431	<b>(93)</b>	(83)

##### Movement in Temporary Differences during 2012

	Opening Balance	Recognised in Income	Recognised in Other Comprehensive Income	Closing Balance
Property, plant and equipment	<b>97</b>	(5)	-	92
Pension assets	<b>(83)</b>	-	<b>(10)</b>	(93)
Inventories	<b>75</b>	(75)	-	-
Derivatives – cash flow hedge	<b>334</b>	-	<b>67</b>	401
Others	<b>(75)</b>	75	-	-
	<b>348</b>	(5)	<b>57</b>	400

## 21. DEFERRED TAX (CONTINUED)

### Movement in Temporary Differences during 2011

	Opening Balance	Recognised in Income	Recognised in Other Comprehensive Income	Closing Balance
Property, plant and equipment	987	(890)	-	97
Pension assets	(483)	-	400	(83)
Inventories	(1,253)	1,328	-	75
Derivatives – cash flow hedge	-	-	334	334
Others	(124)	49	-	(75)
Tax losses	1,347	(1,347)	-	-
	474	(860)	734	348

### RTÉ

### Recognised Deferred Tax Assets and Liabilities

	Assets Net		[Liabilities] Net	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Property, plant and equipment	1,436	1,566	-	-
Pension asset	-	-	(93)	(83)
Net Tax Assets / (Liabilities)	1,436	1,566	(93)	(83)

### Movement in Temporary Differences during 2012

	Opening Balance	Recognised in Income	Recognised in Other Comprehensive Income	Closing Balance
Property, plant and equipment	1,566	(130)	-	1,436
Pension asset	(83)	-	(10)	(93)
	1,483	(130)	(10)	1,343

### Movement in Temporary Differences during 2011

	Opening Balance	Recognised in Income	Recognised in Other Comprehensive Income	Closing Balance
Property, plant and equipment	1,631	(65)	-	1,566
Pension asset	(483)	-	400	(83)
Inventories	(1,276)	1,276	-	-
Others	(71)	71	-	-
Tax losses	1,347	(1,347)	-	-
	1,148	(65)	400	1,483

### Unrecognised Deferred Tax Assets (Group and RTÉ)

Television Licence Fee income that RTÉ receives by way of 'grant-in-aid' is subject to corporation tax with effect from 1 January 2007. The Group has trading losses forward for tax purposes of €610 million at 31 December 2012. Due to the uncertainty surrounding when the losses may ultimately be utilised, no deferred tax asset has been recognised.

In addition, a deferred tax asset of €5.9 million has not been recognised in respect of the deficit on the RTÉ Superannuation Scheme (note 20) given the uncertainty as to when the asset would be utilised.

## NOTES (CONTINUED)

### FORMING PART OF THE GROUP FINANCIAL STATEMENTS

#### 22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (GROUP AND RTÉ)

##### (a) Overview of Financial Risk Management

##### (i) Risk environment

The Group has exposure to the financial risks relating to credit, liquidity, foreign exchange, interest rate and operational risk.

The Board of RTÉ 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, interest rate risk, liquidity risk, foreign exchange risk and counterparty credit risk.

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 foreign currency forward contracts have a maturity date of less than 18 months from the balance sheet date. These foreign currency forward contracts are not specifically designated into hedge relationships from an accounting perspective, but are nevertheless regarded as valid economic hedges.

RTÉ obtained variable rate borrowings in 2011 and entered a derivative contract in order to hedge exposures arising from fluctuations in the interest rate. The Group designated the financial instrument as a cash flow hedge pursuant to IAS 39.

Financial instruments are derecognised on settlement or sale.

##### (ii) Financial instruments classification

All financial assets and liabilities, excluding provisions and employee related liabilities, are financial instruments carried at amortised cost, with the exception of the derivative assets / (liabilities), which are categorised as follows:

GROUP	Derivative financial instruments at fair value through Income Statement		Derivative financial instruments with hedging relationship		Assets / (liabilities) held at amortised cost		Total	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000	2012 €'000	2011 €'000	2012 €'000	2011 €'000
<b>Non-Current Financial Assets</b>								
Restricted cash	-	-	-	-	3,000	2,000	3,000	2,000
Derivative financial instruments	-	239	-	-	-	-	-	239
Other receivables	-	-	-	-	87	208	87	208
<b>Total Non-Current Financial Assets</b>	-	239	-	-	3,087	2,208	3,087	2,447
<b>Current Financial Assets</b>								
Trade and other receivables	-	-	-	-	35,402	37,763	35,402	37,763
Accrued income	-	-	-	-	4,282	2,437	4,282	2,437
Derivative financial instruments	-	1,004	-	-	-	-	-	1,004
Liquid investments	-	-	-	-	16,211	23,201	16,211	23,201
Cash and cash equivalents	-	-	-	-	20,905	37,535	20,905	37,535
<b>Total Current Financial Assets</b>	-	1,004	-	-	76,800	100,936	76,800	101,940
<b>Total Financial Assets</b>	-	1,243	-	-	79,887	103,144	79,887	104,387
<b>Non-Current Financial Liabilities</b>								
Interest-bearing loans and borrowings	-	-	-	-	(51,375)	(38,250)	(51,375)	(38,250)
Employee benefits	-	-	-	-	(24,731)	(9,231)	(24,731)	(9,231)
Derivative financial instruments	-	-	(2,088)	(1,926)	-	-	(2,088)	(1,926)
<b>Total Non-Current Financial Liabilities</b>	-	-	(2,088)	(1,926)	(76,106)	(47,481)	(78,194)	(49,407)
<b>Current Financial Liabilities</b>								
Trade and other payables	-	-	-	-	(76,246)	(71,629)	(76,246)	(71,629)
Interest-bearing loans and borrowings	-	-	-	-	(1,875)	-	(1,875)	-
Employee benefits	-	-	-	-	(17,432)	(11,187)	(17,432)	(11,187)
Derivative financial instruments	(129)	-	(1,120)	(746)	-	-	(1,249)	(746)
<b>Total Current Financial Liabilities</b>	(129)	-	(1,120)	(746)	(95,553)	(82,816)	(96,802)	(83,562)
<b>Total Financial Liabilities</b>	(129)	-	(3,208)	(2,672)	(171,659)	(130,297)	(174,996)	(132,969)

## 22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (GROUP AND RTÉ) (CONTINUED)

RTÉ	Derivative financial instruments at fair value through Income Statement		Derivative financial instruments with hedging relationship		Assets / (liabilities) held at amortised cost		Total	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000	2012 €'000	2011 €'000	2012 €'000	2011 €'000
<b>Non-Current Financial Assets</b>								
Derivative financial instruments	-	239	-	-	-	-	-	239
Other receivables	-	-	-	-	87	208	87	208
<b>Total Non-Current Financial Assets</b>	-	239	-	-	87	208	87	447
<b>Current Financial Assets</b>								
Trade and other receivables	-	-	-	-	29,205	30,876	29,205	30,876
Accrued income	-	-	-	-	721	508	721	508
Derivative financial instruments	-	1,004	-	-	-	-	-	1,004
Liquid investments	-	-	-	-	13,110	20,197	13,110	20,197
Cash and cash equivalents	-	-	-	-	18,604	31,901	18,604	31,901
<b>Total Current Financial Assets</b>	-	1,004	-	-	61,640	83,482	61,640	84,486
<b>Total Financial Assets</b>	-	1,243	-	-	61,727	83,690	61,727	84,933
<b>Non-Current Financial Liabilities</b>								
Interest-bearing loans and borrowings	-	-	-	-	(13,125)	-	(13,125)	-
Employee benefits	-	-	-	-	(24,731)	(9,231)	(24,731)	(9,231)
<b>Total Non-Current Financial Liabilities</b>	-	-	-	-	(37,856)	(9,231)	(37,856)	(9,231)
<b>Current Financial Liabilities</b>								
Trade and other payables	-	-	-	-	(182,711)	(165,248)	(182,711)	(165,248)
Interest-bearing loans and borrowings	-	-	-	-	(1,875)	-	(1,875)	-
Employee benefits	-	-	-	-	(17,053)	(10,773)	(17,053)	(10,773)
Derivative financial instruments	(129)	-	-	-	-	-	(129)	-
<b>Total Current Financial Liabilities</b>	(129)	-	-	-	(201,639)	(176,021)	(201,768)	(176,021)
<b>Total Financial Liabilities</b>	(129)	-	-	-	(239,495)	(185,252)	(239,624)	(185,252)

The foreign exchange forward contracts are financial instruments at fair value through the surplus or deficit. The interest rate swap is a derivative designated as a cash flow hedge.

## NOTES (CONTINUED)

### FORMING PART OF THE GROUP FINANCIAL STATEMENTS

#### 22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (GROUP AND RTÉ) (CONTINUED)

##### (b) Credit risk

###### Overview

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. The Group has detailed procedures for monitoring and managing the credit risk related to its financial assets.

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

	Notes	Group Carrying amount		RTÉ Carrying amount	
		2012 €'000	2011 €'000	2012 €'000	2011 €'000
Restricted cash	10	<b>3,000</b>	2,000	-	-
Trade receivables	13	<b>34,714</b>	37,137	<b>28,517</b>	30,257
Liquid investments	14	<b>16,211</b>	23,201	<b>13,110</b>	20,197
Cash and cash equivalents	15	<b>20,905</b>	37,535	<b>18,604</b>	31,901
Accrued income and other receivables		<b>5,058</b>	3,271	<b>1,497</b>	1,335
Derivative financial instruments	22	-	1,243	-	1,243
		<b>79,888</b>	104,387	<b>61,728</b>	84,933

###### Treasury related credit risk

The Group is exposed to credit risk from the counterparties with whom it holds its bank accounts and transacts with in the financial markets. Liquid investments, cash and cash equivalents are primarily funds invested with Irish financial institutions covered by the Irish Government Bank Guarantee Scheme with limits on amounts held with individual banks or institutions at any one time. Restricted cash, in accordance with the project loan facility entered into on 22 December 2010, is held with Barclays Bank PLC. Derivative financial instruments are held with Irish and UK financial institutions and the Group has not experienced any losses due to failure of such counterparties to deliver on their obligations.

###### Customer credit risk

The Group has credit insurance and sets credit limits for all customers. 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.

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

	Group Carrying amount		RTÉ Carrying amount	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Ireland	<b>33,450</b>	35,994	<b>27,434</b>	29,388
United Kingdom	<b>1,246</b>	1,090	<b>1,062</b>	853
Other Regions	<b>18</b>	53	<b>21</b>	16

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

	Group Carrying amount		RTÉ Carrying amount	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Non-agency debtors	<b>9,821</b>	6,713	<b>5,359</b>	1,644
Other debtors - agency	<b>24,893</b>	30,424	<b>23,158</b>	28,613
Trade Receivables	<b>34,714</b>	37,137	<b>28,517</b>	30,257

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 €3.5 million (10%) of the trade receivables carrying amount at 31 December 2012 (2011: €4.9 million).

## 22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (GROUP AND RTÉ) (CONTINUED)

The aging of trade receivables at the reporting date was:

	Gross 2012 €'000	Group Impairment 2012 €'000	Net 2012 €'000	Gross 2012 €'000	RTÉ Impairment 2012 €'000	Net 2012 €'000
Not past due	17,453	(634)	16,819	13,713	-	13,713
Past due 0-30 days	16,510	(512)	15,998	14,099	(379)	13,720
Past due 31-120 days	2,209	(539)	1,670	1,419	(439)	980
Greater than 120 days	615	(388)	227	310	(206)	104
	<b>36,787</b>	<b>(2,073)</b>	<b>34,714</b>	<b>29,541</b>	<b>(1,024)</b>	<b>28,517</b>

	Gross 2011 €'000	Group Impairment 2011 €'000	Net 2011 €'000	Gross 2011 €'000	RTÉ Impairment 2011 €'000	Net 2011 €'000
Not past due	18,276	(594)	17,682	14,221	(2)	14,219
Past due 0-30 days	19,147	(592)	18,555	15,675	(354)	15,321
Past due 31-120 days	1,599	(699)	900	1,291	(574)	717
Greater than 120 days	257	(257)	-	152	(152)	-
	<b>39,279</b>	<b>(2,142)</b>	<b>37,137</b>	<b>31,339</b>	<b>(1,082)</b>	<b>30,257</b>

The movement in the allowance for impairment in respect of Trade Receivables during the year was:

	Group		RTÉ	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Balance at 1 January	2,142	2,167	1,082	1,107
Bad debts written off in the year	(69)	(25)	(58)	(25)
Provided during the year	-	-	-	-
Balance at 31 December	<b>2,073</b>	<b>2,142</b>	<b>1,024</b>	<b>1,082</b>

No credit exposure is perceived in relation to prepayments. Accrued income consists of unbilled receivables from a small number of customers. The Group has not experienced losses due to the failure of any of these customers to deliver on their obligations.

### (c) 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 following tables set out the contractual maturities of financial liabilities, including interest payments associated with borrowings and the undiscounted net cash flows attributable to derivative financial instruments.

## NOTES (CONTINUED)

### FORMING PART OF THE GROUP FINANCIAL STATEMENTS

#### 22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (GROUP AND RTÉ) (CONTINUED)

The following are the contractual maturities of financial liabilities:

31-Dec-12	Carrying amount €'000	Contractual cash flows €'000	Within 1 year €'000	1-2 years €'000	2-5 years €'000
<b>Group</b>					
Interest-bearing loans and borrowings	53,250	61,727	4,801	6,494	50,432
Derivative financial instruments	3,337	3,337	1,249	1,063	1,025
Trade and other payables	76,246	76,246	76,246	-	-
Employee benefits	42,163	43,503	17,590	5,881	13,264
	<b>174,996</b>	<b>184,813</b>	<b>99,886</b>	<b>13,438</b>	<b>64,721</b>
<b>31-Dec-11</b>					
	Carrying amount €'000	Contractual cash flows €'000	Within 1 year €'000	1-2 years €'000	2-5 years €'000
<b>Group</b>					
Interest-bearing loans and borrowings	38,250	44,225	1,469	1,369	41,387
Derivative financial instruments	2,672	2,864	746	866	1,252
Trade and other payables	71,629	71,629	71,629	-	-
Employee benefits	20,418	21,424	11,227	2,779	5,233
	<b>132,969</b>	<b>140,142</b>	<b>85,071</b>	<b>5,014</b>	<b>47,872</b>

The following are the contractual maturities of financial liabilities (excluding intercompany liabilities):

31-Dec-12	Carrying amount €'000	Contractual cash flows €'000	Within 1 year €'000	1-2 years €'000	2-5 years €'000
<b>RTÉ</b>					
Interest-bearing loans and borrowings	15,000	17,114	2,680	4,373	10,061
Trade and other payables	61,721	61,721	61,721	-	-
Employee benefits	41,784	43,124	17,211	5,881	13,264
	<b>118,505</b>	<b>121,959</b>	<b>81,612</b>	<b>10,254</b>	<b>23,325</b>
<b>31-Dec-11</b>					
	Carrying amount €'000	Contractual cash flows €'000	Within 1 year €'000	1-2 years €'000	2-5 years €'000
<b>RTÉ</b>					
Trade and other payables	56,768	56,768	56,768	-	-
Employee benefits	20,004	21,010	10,813	2,779	5,233
	<b>76,772</b>	<b>77,778</b>	<b>67,581</b>	<b>2,779</b>	<b>5,233</b>

At 31 December 2012, RTÉ had an undrawn overdraft facility of €10 million in place.

#### (d) 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 US Dollar and Sterling.

The Group primarily uses foreign currency forward contracts to economically hedge its currency risk. Changes in the fair value of foreign currency forward contracts are recognised in the income statement. At 31 December 2012 the fair value of the associated derivative liability was €129,000 (2011: asset of €1,243,000).

The Group and Company did not have any material foreign currency denominated monetary assets at 31 December 2012 or 2011.

## 22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (GROUP AND RTÉ) (CONTINUED)

RTÉ had no financial liabilities denominated in foreign currencies except for those outlined in the following tables.

### Breakdown of Trade Payables by Currency

	2012 €'000	2011 €'000
<b>Group</b>		
Euro	5,280	3,943
GBP	110	163
USD	1	59
Other	29	73
	<b>5,420</b>	<b>4,238</b>

### Breakdown of Trade Payables by Currency

	2012 €'000	2011 €'000
<b>RTÉ</b>		
Euro	4,110	3,125
GBP	91	159
USD	1	56
Other	28	73
	<b>4,230</b>	<b>3,413</b>

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2012 Euro	2011 Euro	2012 Euro	2011 Euro
USD 1	1.2848	1.3920	1.3194	1.2939
GBP 1	0.8109	0.8679	0.8161	0.8353

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 mitigates significant risk of movements in foreign exchange rates. A plus or minus change of 10% in relevant foreign currency exchange rates, based on outstanding foreign currency-denominated financial liabilities at 31 December 2012 would not have a material positive or negative impact on the Income Statement.

#### (e) Interest rate risk

At 31 December 2012 the Group had total borrowings of €53.25 million (2011: €38.25 million).

On 28 May 2012, RTÉ entered into a 5 year amortising term loan facility with Bank of Ireland amounting to €15 million for working capital purposes. The term loan was drawn down in full as at 31 July 2012. The borrowing is a variable rate term loan facility with a maturity in 2017.

On 22 December 2010, RTÉNL entered into a five year project loan facility agreement amounting to €38.25 million. The borrowing is a variable rate project loan with a maturity in 2015. The Group entered an interest rate swap to fix the rate on these borrowings until maturity – consequently any changes in the interest rate would have an equal and opposite income statement effect for both the interest rate swap and the debt.

A 1% movement in the interest rate would have a positive or negative effect on equity of €0.4 million and €0.1 million on the Income Statement.

At the reporting date the interest rate profile of RTÉ's interest-bearing financial assets was:

	Carrying Amount	
	2012 €'000	2011 €'000
<b>Group</b>		
<b>Fixed Rate Instruments</b>		
Financial assets	35,548	58,050
<b>Variable Rate Instruments</b>		
Financial assets	1,568	2,686

## NOTES (CONTINUED)

### FORMING PART OF THE GROUP FINANCIAL STATEMENTS

#### 22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (GROUP AND RTÉ) (CONTINUED)

	Carrying Amount	
	2012	2011
	€'000	€'000
<b>RTÉ</b>		
<b>Fixed Rate Instruments</b>		
Financial assets	30,579	50,045
<b>Variable Rate Instruments</b>		
Financial assets	1,135	2,053

A 1% movement in the interest rate on RTÉ's interest bearing financial assets would have a positive or negative effect on the Income Statement of €0.4 million (net of tax).

#### (f) Fair Values

The fair value of a financial instrument is the amount it could be exchanged for in an arm's length transaction between informed and willing parties, other than in a forced or liquidation sale. Fair value analysis, other than for derivative financial instruments, was based on discounted cash flow analysis using an appropriate discount rate.

The fair value of derivative financial instruments was based on the fair value hierarchy. The fair value for foreign exchange forward contracts and the interest rate swap were calculated using the following valuation method:

Level 2: inputs, other than unadjusted quoted prices in active markets for identical assets and liabilities, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The Level 2 valuation method and instruments valued using the method has not changed during this or the previous reporting period. There has been no transfer between levels in the fair value hierarchy.

The Group determined that the fair value for all financial instruments at 31 December 2012 and 2011 were materially in line with their carrying values.

#### (g) Derivative financial instruments

The contractual cash flows associated with the derivative financial instruments are outlined below:

31-Dec-12	Carrying amount €'000	Contractual cash flows €'000	Within 1 year €'000	1-2 years €'000	2-5 years €'000
<b>Group</b>					
<b>Derivative liabilities</b>					
Interest rate swap	(3,208)	(3,208)	(1,120)	(1,063)	(1,025)
Foreign exchange forward contracts	(129)	(129)	(129)	-	-
	<b>(3,337)</b>	<b>(3,337)</b>	<b>(1,249)</b>	<b>(1,063)</b>	<b>(1,025)</b>
<b>RTÉ</b>					
<b>Derivative liabilities</b>					
Foreign exchange forward contracts	(129)	(129)	(129)	-	-
	<b>(129)</b>	<b>(129)</b>	<b>(129)</b>	<b>-</b>	<b>-</b>
<b>31-Dec-11</b>					
	Carrying amount €'000	Contractual cash flows €'000	Within 1 year €'000	1-2 years €'000	2-5 years €'000
<b>Group</b>					
<b>Derivative assets / (liabilities)</b>					
Interest rate swap	(2,672)	(2,864)	(746)	(866)	(1,252)
Foreign exchange forward contracts	1,243	1,243	1,004	239	-
	<b>(1,429)</b>	<b>(1,621)</b>	<b>258</b>	<b>(627)</b>	<b>(1,252)</b>

## 22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (GROUP AND RTÉ) (CONTINUED)

31-Dec-11	Carrying amount €'000	Contractual cash flows €'000	Within 1 year €'000	1-2 years €'000	2-5 years €'000
RTÉ					
<b>Derivative assets / (liabilities)</b>					
Foreign exchange forward contracts	1,243	1,243	1,004	239	-
	1,243	1,243	1,004	239	-

Any gains or losses arising from changes in the fair value of foreign exchange forward contracts are taken directly to the Income Statement.

At 31 December 2012 the Group had total borrowings of €53.25 million (2011: €38.25 million). The Group entered an interest rate swap amounting to €38.25 million to fix the variable rate on the 2011 borrowings until maturity. At the inception of the hedge, the Group formally designated the hedge relationship and consequently the effective part of any gain or loss on the derivative financial instrument is recognised directly in the Statement of Comprehensive Income.

## 23. CASH FLOW HEDGE RESERVE

	Notes	2012 €'000	2011 €'000
Balance at 1 January		(2,338)	-
Effective portion of cash flow hedge		(536)	(2,672)
Deferred tax on cash flow hedge	21	67	334
<b>Balance at 31 December</b>		<b>(2,807)</b>	<b>(2,338)</b>

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of the interest rate swap related to the Barclay's project loan facility.

## 24 FINANCIAL COMMITMENTS, CONTINGENCIES AND GUARANTEES

### (a) Capital Commitments

	Group		RTÉ	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Contracted but not provided for	1,742	2,581	784	115
Authorised but not contracted for	3,832	7,422	881	290
	5,574	10,003	1,665	405

### (b) Programme/Rights Purchase Commitments

	Group		RTÉ	
	2012 €'000	2011 As restated €'000	2012 €'000	2011 As restated €'000
Contracted but not provided for	72,306	89,699	72,306	89,699

### (c) Contingent Liabilities

A regulatory authority is conducting ongoing reviews in relation to aspects of RTÉ's activities. At this juncture, it is not possible to determine the extent, if any, of financial exposure which might arise as a consequence.

### (d) Guarantees

At 31 December 2012, RTÉ had entered into a guarantee facility amounting to €6.3 million which expires on 30 June 2015.

# NOTES (CONTINUED)

## FORMING PART OF THE GROUP FINANCIAL STATEMENTS

### 25 RELATED PARTY TRANSACTIONS

#### (a) Transactions with related parties excluding key management personnel

RTÉ is a statutory corporation, originally established as a commercial semi-state body under the *Broadcasting Authority Act, 1960*. The members of the RTÉ Board are appointed by the Government. The Government is deemed to have control over the Group and is recognised as a related party as defined by the accounting standards. The group has applied the exemption in IAS 24 *Related Party Disclosures*, that exempts an entity from the related party disclosure requirements in respect of the Government and Government related entities unless transactions are individually significant or collectively significant.

In the normal course of business the Group has entered into transactions with the Government and Government related entities involving the provision of advertising and other similar services, together with purchases of goods and services 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.

At 31 December 2012, the total payables to RTÉ subsidiary undertakings was €120.9 million (2011: €108.5 million).

#### (b) Transactions with key management personnel<sup>1</sup>

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 Board, the Director-General, the RTÉ Executive and corporate functions reporting directly to the Director-General. The total amount of compensation paid to key management personnel in 2012 was €5.0 million (2011: €3.8 million), comprising salaries and other short term employee benefits €3.4 million (2011: €3.3 million), post-employment pension benefits €0.7 million (2011: €0.5 million) and termination benefits €0.9 million (2011: nil), which were in accordance with the terms of the 2011/2012 ERRF/VSF programmes.

#### (b) Transactions with key management personnel<sup>1</sup>

Purchases by RTÉ from a company owned/ controlled by Board members, other key management personnel and/ or their close family members in 2012 amounted to €3.3 million (2011: €3.4 million) primarily in respect of commissioned programmes. Sales by RTÉ to a company owned/ controlled by Board members, other key management personnel and/ or their close family members in 2012 amounted to €0.01 million (2011: €0.02 million). Outstanding contractual commitments from a company owned/ controlled by Board members, other key management personnel and/ or their close family members in 2012 amounted to €1.3 million (2011: €1.7 million). There were no material amounts outstanding at either year end.

Programme contributions paid by RTÉ to Board members, other key management personnel and their close family members in 2012 amounted to €18,309 (2011: €5,186).

#### *Terms and conditions of transactions with related parties*

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions.

<sup>1</sup> Related parties include key management personnel, their immediate families and external entities controlled by them.

### 26 BOARD APPROVAL

The Board of RTÉ approved the financial statements on pages 78 to 126 in respect of the year ended 31 December 2012 on 18 April 2013.

## OTHER REPORTING REQUIREMENTS

### AUDIENCE COUNCIL

Section 96 of the *Broadcasting Act 2009* established the RTÉ Audience Council on a statutory basis. It provides a voice for the viewers and listeners with regard to RTÉ's output and delivery on its public remit. The Council, which is chaired by Professor Gearóid Ó Tuathaigh, held its inaugural meeting on 29 July 2010 and will serve for a period of four years to 31 December 2014. In total, 7 meetings of the Audience Council took place in 2012. This included a joint meeting with the Board of RTÉ as provided for in the Act.

The members are selected by the members of the RTÉ Board taking into account the requirements of the *Broadcasting Act 2009*. The RTÉ Board appoints one of its members as an ex officio member of the Council. The members serve in a voluntary capacity, but may receive such out-of-pocket expenses as may be reasonably incurred in the performance of their functions.

Further information on the Audience Council, its members and a summary of the meetings held during the year is available at <http://www.rte.ie/about/en/how-rte-is-run/2012/0330/315626-audience-council>

### RTÉ ANNUAL STATEMENT OF PERFORMANCE COMMITMENTS 2012

#### Introduction

Under the provisions of the *Broadcasting Act 2009*, RTÉ is obliged to fulfil three reporting requirements: preparation of a statement of strategy (s99); preparation of a public service statement (s101), following a public consultation; and preparation of annual statements of performance commitments (s102).

RTÉ's *Statement of Strategy* demonstrates how RTÉ aims to fulfil its public service objects over the five-year period 2010-2014, with strategic priorities, actions and targets. RTÉ's *Public Service Statement 2010*, informed by a consultative process to gain the perspectives of the Irish public, sets out the principles to be observed and activities to be undertaken by RTÉ in fulfilling its public service objects. In fulfilment of statutory requirements, both were submitted to the Minister and are publicly available on RTÉ.ie.

RTÉ's *Annual Statement of Performance Commitments 2012* (ASPC) has been prepared in accordance with RTÉ's objects, RTÉ's *Statement of Strategy* and RTÉ's *Public Service Statement*. RTÉ's *ASPC 2012* identified key performance measures, qualitative and/or quantitative, for each commitment, and targets where appropriate. RTÉ aimed to meet and exceed its targets in all cases. Pursuant to section 102(3) of the Act, RTÉ's *ASPC 2012* was submitted to the BAI and the Minister on 29 February 2012. Subsequently a reformatted *ASPC 2012* was submitted on 27 August 2012. This document is published on RTÉ.ie.

This performance summary is presented in fulfilment of section 102(5) of the Act and in compliance with section 102(4) of the Act, a separate and more detailed report on fulfilment or otherwise of commitments was submitted to the BAI and the Minister on 28 March 2013.

### DETAIL OF 2012'S COMMITMENTS AND KEY PERFORMANCE MEASURES

#### Range of Activities

Performance Commitments	Key Measures	Target / Delivery	2012 Results
<i>Operate a range of national media services in the public interest</i>	Two television, four FM radio and an online service available	7 services	Commitment achieved
<i>Participate fully in transition to digital broadcasting</i>	Continue to implement nationwide Saorview public information campaign to educate the public about ASO and its implications and how to make the switch to Saorview	ASO awareness among Irish adults of 90%	Commitment achieved
	Maintain unique digital radio services with T-DAB coverage at 52% of population	52%	Commitment achieved
<i>Ensure content distribution/delivery across all platforms and devices, digital terrestrial, cable, satellite as well as (mobile) Internet and across IP networks</i>	Promote the availability of Saorview approved products to ensure consumers buy equipment guaranteed to work with the Saorview service.	50% of TV & STB sales through retail to be Saorview approved models	Commitment achieved
	Increase Digital transmission coverage to 98% in areas of changing demographics or typography by ensuring best coverage from major sites	98%	Commitment achieved
	Introduce Radioman Version 5 - radio production, playout and archive software - to all Radio services	Q4	Commitment largely achieved. All services moved to Radioman version 5, except RTÉ lyric fm and RTÉ Raidió na Gaeltachta, whose move was postponed to early 2013 to align with schedules and resource requirements outside Donnybrook.

## OTHER REPORTING REQUIREMENTS (CONTINUED)

### Content Provision

Performance Commitments	Key Measures	Target / Delivery	2012 Results
<i>Broadcast a wide range of programming, including programmes that are entertaining, informative, educational and inclusive</i>	Minimum peaktime indigenous output hours by genres on RTÉ Television: Entertainment and Music, and Factual	Ent & Music = 389 Fact = 362	Commitment achieved
	Output hours by genres on RTÉ Radio: Entertainment, Factual and Music	Ent = 6,000 Fact = 1,500 Music = 17,500	Commitment achieved
	Provide TV programming in support of Dublin Year of Science 2012	2 series	Commitment achieved
	Broadcast a series of radio programmes of public debates with leading scientists to mark Dublin, the 2012 City of Science	Report Q3	Commitment achieved
<i>Deliver a range of music performances to entertain and educate</i>	RTÉ Orchestras to give over 180 Public Performances	>180 performances	Commitment achieved
	RTÉ Orchestras to give over 75 educational performances, talks and workshops	>75 educational activities	Commitment achieved
	Use existing resources to continue to develop smaller ensemble programmes in order to build new audiences for RTÉ Orchestras	5 RTÉ NSO & 2 RTÉ CO initiatives	Commitment not achieved, due to resource issues and changes of personnel at a senior level. However, performers from the RTÉ NSO carried out two initiatives and musicians from the RTÉ CO carried out one.
	RTÉ Radio coverage of major, medium-sized and niche music festivals	10 festivals	Commitment achieved
	Broadcast a range of programmes across the schedule to celebrate RTÉ Big Music Week 2012	Report	Commitment achieved
	<i>RTÉ Orchestras to be the leading provider of live music of quality and diversity in their field</i>	Maintain / grow RTÉ Orchestras audiences	>170,000
<i>Deliver programming and services relevant to the social and cultural needs of young people living in Ireland</i>	Minimum all-day indigenous output hours for Young People's Programming (YPP) on RTÉ Television	650 hrs	Commitment achieved
	Offer a schedule of home-produced programming on RTÉjr Radio to serve and reflect the needs of young children in Ireland	Report	Commitment achieved
	Series for Leaving Certificate students: <i>Countdown</i> on RTÉ 2fm and <i>A-Rá</i> on Raidió na Gaeltachta	2 series	Commitment achieved
<i>Deliver a comprehensive news and current affairs service</i>	Target hours from RTÉ News and Current Affairs on RTÉ Television (News + CA hrs) and RTÉ Radio (News hrs)	1,074 hrs TV & 1,653 hrs Radio	Commitment achieved
<i>Maintain significant audience for flagship news and current affairs programmes</i>	Maintain cumulative reach for <i>RTÉ News: Six One</i> and <i>Nine o'clock</i> (average weekly 5+ minute reach of live viewing) at 35%	35%	Commitment largely achieved. Cumulative reach was 33.1% just 1.9 points below target.
	Maintain audience share for <i>Prime Time</i> (of live viewing)	27%	Commitment not achieved. Share was 25.2%, 1.8 points below target.
	Maintain reach for <i>Morning Ireland</i>	12%	Commitment achieved

Content Provision (continued)

Performance Commitments	Key Measures	Target / Delivery	2012 Results
<i>Build audience appreciation for and increase relevance of RTÉ News and Current Affairs programmes</i>	Maintain Appreciation Index (AI) for RTÉ News Television above 80	>80	Commitment largely achieved. An AI score of 79.4 was marginally below target.
	Maintain AI for RTÉ News Radio above 80	>80	Commitment achieved
<i>Maintain and enhance foreign coverage where possible to deliver an Irish perspective on international events</i>	Quality coverage of key international events within resources	Report	Commitment achieved
<i>Provide a space where national conversation, reflection and debate can take place, covering public affairs, democratic values, culture, and religious beliefs and practices</i>	A range of new single and two-part documentaries that explore contemporary and historical Ireland	10 singles/ two-parters and 1 series	Commitment achieved
	Maintain audience share (of live viewing) for <i>The Frontline</i>	30%	Commitment not achieved. Share was 28%, two points below target.
	Maintain investigative Current Affairs content as part of the Current Affairs schedule	Report	Commitment achieved
	Maintain 2011's total 7am-7pm weekday reach for RTÉ Radio 1	25%	Commitment largely achieved. Reach was 24%, just one point below target.
	Broadcast a new series on RTÉ Radio 1 to encourage informed consumption of and debate about media	1 series	Commitment achieved
<i>Ensure appropriate coverage of key international and national events</i>	Provide coverage of notable national anniversaries including the Centenary of the Labour Party, the 50th anniversary of Irish Television, and the collapse of the Soviet Union	Report	Commitment achieved
	Cross-platform coverage of key sports events	Report	Commitment achieved
<i>Deliver cross-platform and cross-media initiatives</i>	The main cross media event in 2012 will centre around RTÉ's celebration of TV50. In addition cross media campaigns will support RTÉ's <i>Big Music Week</i> and celebrate Dublin as the European City of Science 2012.	3 events	Commitment achieved
<i>Maintain commitment to Irish language programming</i>	Returning TV series including <i>Scannal</i> and <i>Cloch le Carn</i> , and new series <i>Aerphort</i> . Bernard Dunne's <i>Bród Club</i> leads a nationwide campaign to get greater pride in the Irish language. New Series <i>Voices from a Hidden People</i> , a restoration of Irish language poetry to mark TV50 and other programmes with ILBF support.	6 series	Commitment achieved
	Broadcast a range of programmes and programme inserts across all RTÉ Radio services to celebrate Seachtain na Gaeilge	Q1	Commitment achieved
	Mark the 40th Anniversary of RTÉ Raidió na Gaeltachta on RTÉ Raidió na Gaeltachta and RTÉ Radio 1	Q4	Commitment achieved

## OTHER REPORTING REQUIREMENTS (CONTINUED)

### Content Provision (continued)

Performance Commitments	Key Measures	Target / Delivery	2012 Results
<i>Maintain commitment to Irish cultural programming</i>	Broadcast new plays on RTÉ Radio 1	20 plays	Commitment achieved
	Broadcast an Irish Language Drama Series on RTÉ Raidió na Gaeltachta - <i>Baile an Droichid</i>	1 series	Commitment achieved
	Mark the end of copyright on James Joyce's works throughout 2012	Report	Commitment achieved
	<i>The Works</i> is a new weekly magazine programme replacing <i>The View</i> and eight Arts documentaries	1 series & 8 docs	Commitment achieved
<i>Undertake education and outreach initiatives</i>	Maintain RTÉ lyric fm Education & Outreach to include schools & 3rd level institutions	45 visits	Commitment achieved
	Returning literacy series on RTÉ Television: <i>A Story with Me in It</i> . In addition RTÉ TV will also report on services and initiatives delivered.	1 series	Commitment achieved
	RTÉ Radio to run a series of workshops for Young Composers	4 workshops	Commitment achieved
<i>Promote diversity and reflect the daily lives, concerns and the cultural and regional diversity of the people of the whole island of Ireland</i>	New series looking at how the economic recession has impacted on the new nationals who settled in Ireland during the boom. <i>21st Century Child</i> returns and a group of observational documentaries on Teen Mums and Bullies	4 series	Commitment largely achieved. Three series were delivered but Teen Mums has been deferred in the schedule until Q1 2013, due to delays in availability of some cast.
	A selection of TV programming marking 50 years of TV and other documentary programming reflecting all areas of Irish life	4 series	Commitment achieved
	Series on rural affairs ( <i>Countrywide</i> ) and on marine matters ( <i>Seascapes</i> ) to continue	2 series	Commitment achieved
	<i>Parliamint na mBan</i> - One to One Interviews with women from Irish Society	1 series	Commitment achieved
<i>Promote inclusiveness and provide coverage of religious, community and cultural activities, including minority cultures and interests</i>	<i>Would You Believe?</i> and <i>The Meaning of Life</i> to return, along with new series <i>The Choice</i> . Coverage of the International Eucharistic Congress	3 series & 1 event	Commitment achieved
	Series which brings stories with an Irish flavour from people's daily lives in different corners of the globalised world. New documentary on how social, economic, and cultural conditions have developed for travellers in Ireland.	1 series & 1 Doc	Commitment achieved
	Coverage of live games from GAA Championships	31 live games	Commitment achieved
	Weekly Masses, Services or other devotional programming on RTÉ Radio 1 and RTÉ Raidió na Gaeltachta	52 weeks	Commitment achieved
	<i>The God Slot</i> - A series to examine and report on religious affairs worldwide from an Irish perspective	1 series	Commitment achieved
	Coverage of the 50th International Eucharistic Congress	Q2	Commitment achieved

Content Provision (continued)

Performance Commitments	Key Measures	Target / Delivery	2012 Results
<i>Retain existing and attract new audiences through the provision of relevant services</i>	Maintain 2011's average weekly reach for All RTÉ Services among adults 15+	>90%	Commitment achieved
	Maintain 2011's average weekly reach (of Consolidated Viewing) for RTÉ Television among all Individuals aged 4+	>80%	Commitment achieved
	Build on 2011's 7-day reach among adults 15+ for RTÉ Total Radio	>53%	Commitment largely achieved. Reach was 52%, just one point below target.
	Build on 2011 weekly reach for RTÉ.ie through increased online and mobile usage	24% weekly reach for adults 15+	Commitment not achieved. Reach was 20%, four points below target. Despite the innovations in respect of RTÉ.ie, there has been a shift in audience consumption away from browser-based (RTÉ.ie) towards Apps, e.g. the RTÉ News Now app.
	Maintain 2011's average weekly reach for All RTÉ Services among 15-34s	>90%	Commitment achieved
	Maintain 2011's average weekly reach for All RTÉ Services among 35+	>90%	Commitment achieved
	Maintain 2011's average weekly reach for All RTÉ Services among 25-44s	>90%	Commitment achieved
	Maintain audience connection above 80 for TV	>80	Commitment achieved
Maintain strong audience connection for RTÉ Radio	>80	Commitment achieved	
<i>Optimise market share, endeavouring to maintain audience share on television in the face of significant national and international competition and optimising audience share for key radio services</i>	Manage RTÉ Television's national peaktime share (of consolidated viewing) for all individuals aged 4+ during ASO and in an increasingly competitive digital environment	36%	Commitment achieved
	Maintain RTÉ weekday peaktime share for RTÉ Radio 1, RTÉ 2fm and RTÉ lyric fm	>30%	Commitment achieved
<i>Provide service to Irish Diaspora</i>	Grow non-domestic audiences for all radio services via the RTÉ Radio Player online and on mobile devices	Monthly live and on-demand streams increased by 5%	Commitment achieved
	Build on RTÉ.ie's 2011 weekly international unique browser numbers by driving overseas traffic for major national events, e.g. news, sports and St Patrick's Day	550,000 weekly intl. UBs	Commitment not achieved. The weekly averages for 2012 was 528,000, 22,000 below target. The rise in use of Apps via mobile devices is proving to be a significant competitor to traditional browser based websites (RTÉ.ie)

## OTHER REPORTING REQUIREMENTS (CONTINUED)

### Content Provision (continued)

Performance Commitments	Key Measures	Target / Delivery	2012 Results
<i>Be the primary source of Irish/Home produced content nationally and from the regions, ensuring a high proportion of home-production during peak time on RTÉ One</i>	Indigenous hours as a % of total peaktime hours on RTÉ One	>60%	Commitment achieved
	Broadcast seven regional series on RTÉ Television covering a range of topics, and report on coverage across all genres	7 new series and report	Commitment achieved
	Bring primetime programmes on RTÉ Radio 1 and RTÉ 2fm around the country	Report	Commitment achieved
	<i>Ceili House</i> to broadcast 30 programmes from 15 different counties throughout 2012	30 programmes	Commitment achieved
	<i>The John Murray Show</i> Walking Club and Talent Showcase from six walks throughout the country	Report	Commitment achieved
<i>Deliver the best quality programmes and services, maintaining perceptions of quality</i>	Be the leader in Irish TV programmes across all key genres: Maintain Reaction Panel AI for RTÉ Television	>80	Commitment largely achieved. An AI score of 79.2 was marginally below target.
	Be the leader in Irish Radio programmes across all key genres: Maintain Reaction Panel AI for RTÉ Radio	>80	Commitment achieved
	Maintain 18 out of 20 programmes on Top 20 lists for Television (based on Live Viewing)	18/20	Commitment achieved
	Maintain 18 out of 20 programmes on Top 20 lists for Radio	18/20	Commitment achieved
	At least 75 RTÉ programmes shortlisted in international competitions	>75	Commitment not achieved. RTÉ was shortlisted for 65 international awards in 2012 (10 short of target) and for a further 124 awards in national competitions. RTÉ entered fewer international awards in 2012, in line with overall cost reduction strategy and in consequence of the decreasing staff resource.

Content Provision (continued)

Performance Commitments	Key Measures	Target / Delivery	2012 Results
<i>Foster creativity, new ideas and cultural expression, through supporting cultural events, including minority interests, developing new talent (presenters, musicians, artists, programme makers and content creators), showing leadership within the creative industries and commissioning and premiering new work</i>	Continue to deliver new initiatives, formats and programme styles, including the initiative developed as a Pilot scheme in 2011 for sourcing new/young conductors and the 'Open Rehearsals' initiative	6	Commitment achieved
	RTÉ presence at BT Young Scientists, National Ploughing Championships, All-Ireland Amateur Drama Festival and one other cultural event	4 events	Commitment achieved
	Radio coverage of arts festivals	4 festivals	Commitment achieved
	Coverage of the 2012 Eurosonic Festival	Q1	Commitment achieved
	Develop new comedy writing and comedy performance on RTÉ Radio 1	Report	Commitment achieved
	New talent on RTÉ Television	Report	Commitment achieved
	Continued participation in animation projects: investment in Frameworks	2 shorts	Commitment achieved
	Maintain RTÉ's leadership role in the creative digital economy by developing strategic partnerships with key global media players to provide additional platforms for RTÉ	Report	Commitment achieved
	Investment in <i>StoryLand</i> , the annual online drama and comedy competition to bring new writer / director / producer teams into the heart of RTÉ Television's creative output	Report on online performance	Commitment achieved
	Extend partnership with RAAP (Recorded Artists Actors Performers) in 2012 - Breakthrough Bursaries	Q4	Commitment achieved
	Composer in Residence to produce three new compositions	3 new compositions produced	Commitment achieved
	Publish two CDs in 2012 to help Irish Composers to reach a wider audience	2 CDs Published	Commitment achieved
	New drama series <i>Amber</i> and two returning series, <i>Fair City</i> and <i>Raw</i>	3 series	Commitment achieved

## OTHER REPORTING REQUIREMENTS (CONTINUED)

### Content Provision (continued)

Performance Commitments	Key Measures	Target / Delivery	2012 Results
<i>Explore opportunities for new creative and cultural partnerships</i>	Continue the joint project with UCD Archives for transfer of literary and cultural documents from RTÉ Corporate Written Archive and appointment of Project Archivist	Report	Commitment achieved
	RTÉ Radio 1 to be media partner for Jameson Dublin Film Festival	Q1	Commitment achieved
	RTÉ Radio and IBI joint initiative - RadioGauge	Report	Commitment achieved
	Build and strengthen strategic partnerships with Arts and Culture organisations	Report	Commitment achieved
	Enhance partnership with the Irish Traditional Music Association (ITMA) to provide public access to digital traditional music	Report	Commitment achieved
	Partner with third-party content providers to deliver quality RTÉ content to audiences	Report	Commitment achieved
	Continued cooperation with external bodies for the development of short films - Film Base, Galway Resource Centre and the Cork Film Centre as well as Irish Film Board and the Arts Council	Report	Commitment achieved
	Maintain close relations with other broadcasters and bodies such as BBC (NI), ITV, NI Screen and STV to maximise potential for co-funding programmes	Report	Commitment achieved
	Engage other agencies in evolving a policy regarding National Audio-Visual policy and collections through ongoing consultation with relevant bodies, including Irish national cultural institutions, universities and the Irish Film Archive	Ongoing: Report	Commitment achieved

### Governance

Performance Commitments	Key Measures	Target / Delivery	2012 Results
<i>Maintain best practice governance and reporting systems</i>	Maintain the high standard of the RTÉ Annual Report and Group Financial Statements	Submit to DCENR Q2	Commitment achieved
	Report on fees and aggregate expenses paid to Board members	In Annual Report	Commitment achieved
<i>Fulfil all legislative and regulatory requirements</i>	Ensure full compliance with all sections of the <i>Freedom of Information Acts</i> and <i>Data Protection Acts</i>	Compliance	Commitment largely achieved. FOI timeframes met in 91 out of 96 requests.
	Publish and implement two new revised schemes. Irish language scheme (under section 11 of the <i>Official Languages Act</i> ) & Archive scheme, following their approval by Government.	Report	Commitment achieved
	Ensure compliance with Regtel Code of Practice	0 ComReg complaints upheld	Commitment achieved

## Governance (continued)

Performance Commitments	Key Measures	Target / Delivery	2012 Results
<i>Ensure compliance with all relevant codes</i>	Maintain compliance with Code of Practice for Governance of State Bodies. Report to Audit and Risk Committee.	Report in Q2	Commitment achieved
	Review new BAI Codes (Fairness) and take relevant actions	Non-RTÉ dependent	Commitment not achieved. Publication of the new code on Fairness was postponed by the BAI, until early 2013.
	Ensure full compliance with Advertising Code and Children's Advertising Code	0 BAI advertising complaints upheld	Commitment achieved
<i>IBD objectives aligned with performance measurement system of Annual Statement of Performance Commitments (ASPC)</i>	RTÉ Executive and RTÉ Board to monitor progress throughout the year to ensure fulfilment of 2012 ASPC	Ongoing monitoring of fulfilment of ASPCs	Commitment achieved

## Technology

Performance Commitments	Key Measures	Target / Delivery	2012 Results
<i>Optimise technology usage to facilitate the delivery of innovation in programming, bringing new formats, initiatives and programmes to all media.</i>	Clipper, an online content segmentation system, to be available for implementation for all Radio Services	Q2	Commitment achieved
	Utilise social and mobile application technologies (known as second screen apps) to enhance user experience of TV and radio brands and programmes	Q4	Commitment largely achieved. New technologies were used to enhance user experience of <i>Operation Transformation</i> . At year end RTÉ Digital was investigating the use of second screen apps on a pilot basis for 2013 sports events.
	Develop and implement a plan to enhance RTÉ Two's digital footprint	Report	Commitment achieved
<i>Fulfil universal service obligation for analogue TV &amp; radio</i>	Maintain 98% transmission coverage for analogue TV and Radio in areas of changing demographics or typography by ensuring best coverage from major sites and review of minor sites	98% analogue coverage	Commitment achieved

## OTHER REPORTING REQUIREMENTS (CONTINUED)

### Technology (continued)

Performance Commitments	Key Measures	Target / Delivery	2012 Results
<i>Facilitate access to content through digital media and increase connection points with RTÉ, maintaining availability of archive content, growing Digital Radio services, delivering mobile applications and developing new avenues to connect with the whole island of Ireland</i>	Build on 2011 weekly reach for RTÉ Player through multiplatform roadmap	>20% weekly reach for adults 15+	Commitment largely achieved. Reach was 19%, just one point below target, which is an increase of four % points vs. 2011.
	Grow Total RTÉ Radio listening, including to Digital Radio Services, via the Radio Player online and on mobile devices	Monthly live and on-demand streams increased by >10%	Commitment achieved
	Develop a strategy to deliver comprehensive digital access to RTÉ programmes, clips, exhibitions & merchandising	Q4	Commitment achieved
	Redesign RTÉ Libraries and Archives website to deliver a greater accessibility and a more user-friendly experience	Q1	Commitment achieved
	Increase number of Digital Terrestrial Radio households	8%	Commitment achieved
	Establish baseline reach metrics via Digital platforms for Total RTÉ Radio, including Digital Services	Q4	Commitment achieved
	Drive usage of all RTÉ services through technical and brand development of mobile applications for all new platforms	16m page impressions per week	Commitment achieved
	Business case the development of a User-Generated Content (UGC) facility for Sport enabling the audience to engage, share and shape coverage of items and progress if economically viable	Report	Commitment achieved
	Deploy social media features and functionality into relevant digital properties and design processes	Strategy Roadmap in place Q2	Commitment achieved
Enhance RTÉ's 24-hour news on-demand via increasing the volume and range of web-specific journalism	Report	Commitment achieved	
<i>Implement the technology change programme through the development of new multimedia production models and the efficient use of technology for appropriate programme making and transmission of services</i>	Launch HLS video version of key services to enable access across multiple devices where rights allow	Q2	Commitment largely achieved. This was almost completed in 2012, but has not become operational due to the need for extra functionality to be incorporated.
<i>Implement the end-to-end Digitisation programme. Build the end-to-end digital content production network and migrate to HDTV</i>	Introduce File Server technology for Acquired content and improved workflows for all services	Report	Commitment achieved
	Enable the creation of new SD services and increase HD Acquired content on RTÉ Two	Report	Commitment achieved
	Enhance production infrastructure to enable increased sports content to be produced in HD	Upgrade infrastructure in Q1/Q2	Commitment achieved
<i>Achieve phase 1 targets by 2014</i>	Achieve appropriate zoning for the totality of the lands in RTÉ Donnybrook	Non-RTÉ dependent	Commitment achieved

## Use of Public Funds

Performance Commitments	Key Measures	Target / Delivery	2012 Results
<i>Meet budgetary target for 2012</i>	Agreed budget out-turn for the year	Budget	Commitment achieved
<i>Solvency: Target availability of cash / facilities to meet commitments as they fall due</i>	Available cash reserves	Report	Commitment achieved
<i>Implement cost control and cost curtailment initiatives</i>	Maintain TV Operating costs at 2011 levels, while incorporating €13 million additional expenditure in 2012 relating to two major sporting events and other one-off adjustments	Report	Commitment achieved
<i>Review ERP (Enterprise Resource Planning) systems and implement new integrated system by 2014</i>	Following a feasibility study in 2011, move Radio Sales to Landmark TV sales system by end Q3	Q3	Commitment achieved
<i>Ensure Radio and Television independent commissioning meet statutory spending requirements</i>	Fulfil obligations under <i>Broadcasting Act 2009</i> section 116	Statutory Spend (€38.5m)	Commitment achieved
<i>Optimise funding sources, by maximising the exploitation of all revenue streams both traditional and new, diversifying and increasing funding sources and exploring new financing partnerships to maximise revenue or reduce costs</i>	Achieve revenue targets in Television, Radio, Network and Publishing	Commercial Revenue Targets	Commitment not achieved. Commercial revenues declined by €11 million (-7%) when compared with 2011. This reflects a year of two halves with -4% vs. 2011 for Qs1/2 and -9% vs. 2011 for Qs3/4
	Grow the percentage of revenue diversified sources	Report	Commitment largely achieved. While the % of revenue diversified sources has grown in TV & Digital, this has not offset the overall decline in commercial revenue.
	Exploit opportunities for Product Placement revenue, while maintaining programme standards	Report	Commitment achieved
	Deliver additional programming to the schedule through sponsorship and advertiser-funded programme initiatives	Report	Commitment achieved
<i>Deliver a value for money service by ensuring that best value is achieved in all areas of the business, by continuing to make best use of the Licence Fee income and enhance audience perceptions of 'value for money' of licence fee</i>	Delivery of programmes with reduced budgets year on year and exploitation of co-funding opportunities.	Report	Commitment achieved
	Licence Fee attribution by service (as per Note 1 of the RTÉ Annual Report and Group Financial Statements)	Report	Commitment achieved

## OTHER REPORTING REQUIREMENTS (CONTINUED)

### Use of Public Funds (continued)

Performance Commitments	Key Measures	Target / Delivery	2012 Results
<i>Control people costs, through monitoring and management of the reduction of Personnel Related Operating Costs (PROC)s and of headcount and new contracts</i>	Achieve PROC target for 2012 Budget	% of Budget	Commitment achieved
	Following a successful tender process in 2011, introduce a new automated workflow and tracking system to increase efficiencies and consistencies in HR Shared Services' processes	Automated workflow system fully operational in Q3	Commitment largely achieved. The workflow processes and system has been designed but implementation has been delayed until Qs2/3 2013 due to technical & resource issues.
<i>Efficiently manage resources through monitoring cost per transmitted hour, the efficient use of facilities and improved resource management procedures and utilisation of programme personnel</i>	Publish Cost Per Transmitted Hour (CPTH) in Annual Report	Report	Commitment achieved
	Studio utilisation targets TV	TV 75%	Commitment largely achieved, with 71%. Studio utilisation has reduced year-on-year due to reductions in TV output
	A procedure to monitor detailed Facilities demand reports in 2012 and maintain Facilities costs within budget will be rolled out.	Report	Commitment achieved
	Note: This follows budget reductions arising from the Early Retirement, Redundancy / Voluntary Severance facilities		
	Studio utilisation targets Radio	Radio 76%	Commitment achieved
	Further ongoing interrogation of TV programme teams is required due to reduced resources in 2012. This is facilitated by the new ScheduAll system which provides detailed demand and utilisation analysis available by programme. In addition the new automated workflow and tracking system to centrally monitor and manage issue of new contracts will ensure even greater accountability with regard to programme personnel employment.	Report	Commitment achieved
<i>Optimise organisational structure and work practices to fulfil public purpose in best manner, regularly reviewing workforce numbers to achieve further optimisation where possible</i>	Implement additional RTÉ Shared Services including Sales Administration, Technology, Marketing and Communications, as well as a further restructuring in HR	New RTÉ Shared Services in place (by year-end)	Commitment largely achieved. Sales Administration and further HR restructuring is complete. Technology and Marketing will finalise implementation in Q1 2013.
	Implement new RTÉ Structure incorporating the introduction of Group Commercial Director, Chief Technology Officer and new division RTÉ Digital	New RTÉ structure in place (by year-end)	Commitment achieved
	Deliver headcount annual manpower plans to meet business objectives as agreed by the Executive	Headcount achieved	Commitment achieved
	Continue to implement work-practice reform as appropriate aligning skill-sets with new multi-media environment arising from 2011 review	Ongoing: Report	Commitment achieved

## Use of Public Funds (continued)

Performance Commitments	Key Measures	Target / Delivery	2012 Results
<i>Develop people and skills through cost-neutral internal training and by providing relevant staff development opportunities in line with business requirements</i>	iPhone technology training for shooting, editing, filing, audios will be piloted and online training resource developed	Training delivered. Ongoing in 2012	Commitment achieved
	Further multi-media journalist training will be provided in output areas in order to increase competency as self editors e.g. Avid Newscutter self editing, Writing to Pictures, Live PTC training	Training delivered. Ongoing in 2012	Commitment achieved
	Insight Track - A Programme of Presentations on the Business of Radio	Report	Commitment achieved
	Maintain best practice in communications to staff by delivering regular staff bulletins, supported by meetings with Senior Managers	Report	Commitment achieved

## Responsible and Trustworthy

Performance Commitments	Key Measures	Target / Delivery	2012 Results
<i>Implement the highest editorial standards, reviewing editorial guidelines in the context of legislation and codes of practice and minimising legal/regulatory corrective actions</i>	Draft and publish new 2012 editorial Programme Makers' Guidelines	Q1	Commitment achieved
	Draft and publish new guidelines on reporting of social media	Q2	Commitment achieved
	Publish a General Advice Note on Privacy for use by programme makers and deliver at least four seminars on defamation law/contempt of court	4 seminars & 1 G.A. Notes	Commitment achieved
	Complaints upheld against RTÉ programmes	Zero	Commitment not achieved. Eleven complaints were upheld during 2012. Six were from RTÉ Television and five from RTÉ Radio
<i>Deliver impartial and objective news and current affairs</i>	All BAI complaints dealt with within mandatory timeframes	100%	Commitment achieved
	Maintain Audience perceptions of 'fairness and impartiality' of <i>RTÉ News: Nine o'clock</i>	>95%	Commitment achieved
<i>Demonstrate leadership in access services by exceeding minimum standards and providing new / innovative services where possible, to facilitate access to TV for those with sensory disabilities</i>	Maintain Audience perceptions of 'fairness and impartiality' of <i>Morning Ireland</i>	>95%	Commitment not achieved. A score of 91.5% was achieved, 3.5 points below target.
	Subtitling, on both channels, with continued commitment to cover all peak-time programmes and all news and current affairs, including special national and international events and more subtitles on children's programmes	Report	Commitment achieved
	Maintain 2011 subtitling hours	8,500	Commitment achieved
	Audio Description technical infrastructure installation planned for mid-2012 and audio description services to commence in Q4 2012	Report	Commitment largely achieved. Audio description was piloted in 2012. Implementation is planned for 2013, subject to capital investment approval.

## OTHER REPORTING REQUIREMENTS (CONTINUED)

### Responsible and Trustworthy (continued)

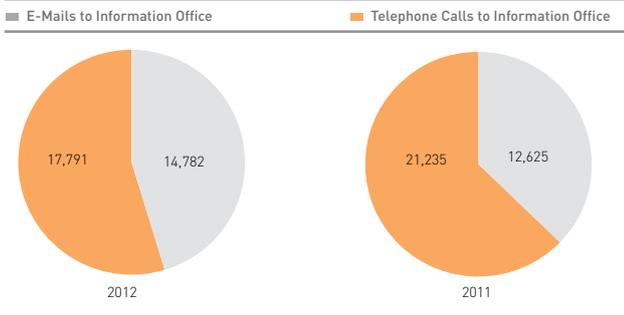
Performance Commitments	Key Measures	Target / Delivery	2012 Results
<i>Ensure highest business and accounting standards through voluntary compliance with international codes &amp; IFRS</i>	RTÉ Annual Report and Group Financial Statements to comply with IFRS	In Annual Report	Commitment achieved
	Update Good Faith Reporting policy (formerly known as Whistle-blowing) following a review of the operation of policy over the previous 18-months	Publish in Q2	Commitment achieved
	Conform with the UK Corporate Governance Code and Ireland specific requirements of the Irish Stock Exchange Corporate Governance Annex as far as is feasible having regard to requirements under the <i>Broadcasting Act 2009</i>	Narrative in Annual Report	Commitment achieved
<i>Publish Corporate Social Responsibility (CSR) Report annually</i>	Update CSR report and publish on RTÉ.ie	Publish in Q2	Commitment not achieved due to prioritisation of other strategic projects.
<i>Maintain public access via central phone and e-mail information services</i>	Telephone Information service available 6 days a week	Services available	Commitment achieved
<i>Ensure transparency and pro-active communications.</i>	Continued implementation of public affairs strategy via outreach to stakeholder groups	Fortnightly bulletins and a report on activities	Commitment achieved
	Publish RTÉ's 2012 Statement of Performance Commitments and publish a report on fulfilment or otherwise of 2011's ASPC in the RTÉ Annual Report and Group Financial Statements 2011  Note: ASPC related documents are submitted to BAI and DCENR and can only be published following relevant consultation / approval	Documents published following required consultations	Commitment achieved
<i>Deliver research to assess the needs of Irish audiences, to ensure that we meet those needs and build audience affinity with RTÉ</i>	Provide state of the art audience research for programme makers - Deepen knowledge of 'overall average audience consumption' of RTÉ output at programme, genre and cross-media level to establish patterns of growth, churn and decline within and between delivery platforms	Report	Commitment achieved
	Further embed research in decision-making processes through optimising benefits of enhancements to ARP verbatim tool - Revise monthly reporting to RTÉ Radio to include new programme-specific focus using Audience Reaction Panel.	Monthly Report	Commitment achieved
	Investigate how and in what circumstances audiences, particularly 15-34s, engage with and/or use multiple new technologies simultaneously	Report	Commitment achieved

Responsible and Trustworthy (continued)

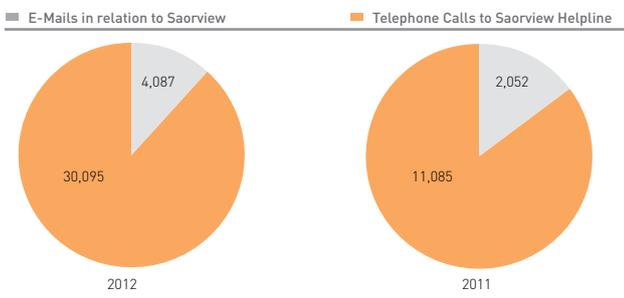
Performance Commitments	Key Measures	Target / Delivery	2012 Results
<i>Maintain and grow collaborative partnerships with key industry bodies, stakeholders, regulators, broadcasters and with EBU and other European bodies, as appropriate</i>	IRP commissioning process to continue	Report	Commitment achieved
	Cross genre open day and individual genre meetings with the Independent Sector	Report	Commitment achieved
	Provide a two-day training workshop for Independent Producers and run Radio Days for third level students	Report	Commitment achieved
	RTÉ Orchestras will continue to explore opportunities for partnerships and collaborations: engaging with Arts Council, Culture Ireland, Contemporary Music Centre, Music Network and other relevant bodies	Report	Commitment achieved
	Note: Subject to full co-operation of other parties		
	RTÉ's Commercial department to host the fourth electronic media conference	1 event	Commitment not achieved. Falling revenue and resulting budget cuts resulted in the postponement of this event in 2012.
	Regular meetings and communication with regulatory bodies such as BAI, ComReg and Government	Report	Commitment achieved
	Regular attendance at industry meetings such as IBEC, SPI and joint research committees	Report	Commitment achieved
	RTÉ lyric fm to offer 30 concerts of Irish material to the EBU	30 concerts offered	Commitment achieved
Produce and broadcast a documentary in partnership with Radio Ulster to mark the centenary of the <i>Titanic</i>	1 programme	Commitment achieved	
Explore potential partnerships and co-productions with BBC and other broadcasters	Report	Commitment achieved	

# OTHER STATISTICAL INFORMATION

## RTÉ Information Unit - telephone calls & e-mails 2011 & 2012

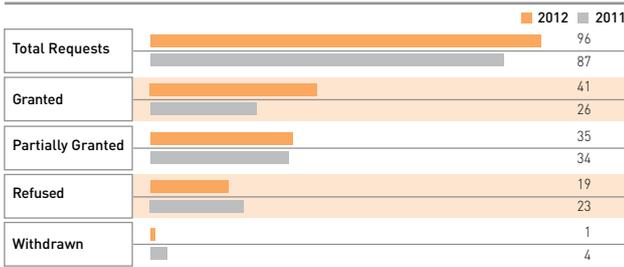


## Saorview Helpline<sup>1</sup> - telephone calls & e-mails 2011 & 2012

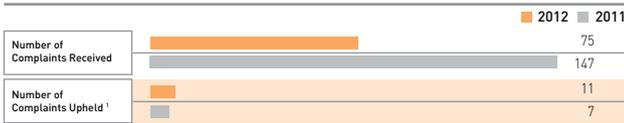


<sup>1</sup>In March 2011, in advance of the launch of a major public information campaign, RTÉ introduced a dedicated to-call helpline and website to deal with queries from members of the public in relation to Saorview. The number of queries are set out in the chart above. The large increase in the queries received in 2012 reflects the fact that Analogue Switch-Off ('ASO') took place in October 2012. The office experienced a steady increase in calls throughout 2012, as the ASO deadline approached, and has continued to deal with queries from members of the public since this date.

## Freedom of Information Requests to RTÉ



## Complaints to Broadcasting Authority of Ireland (BAI) about RTÉ Output

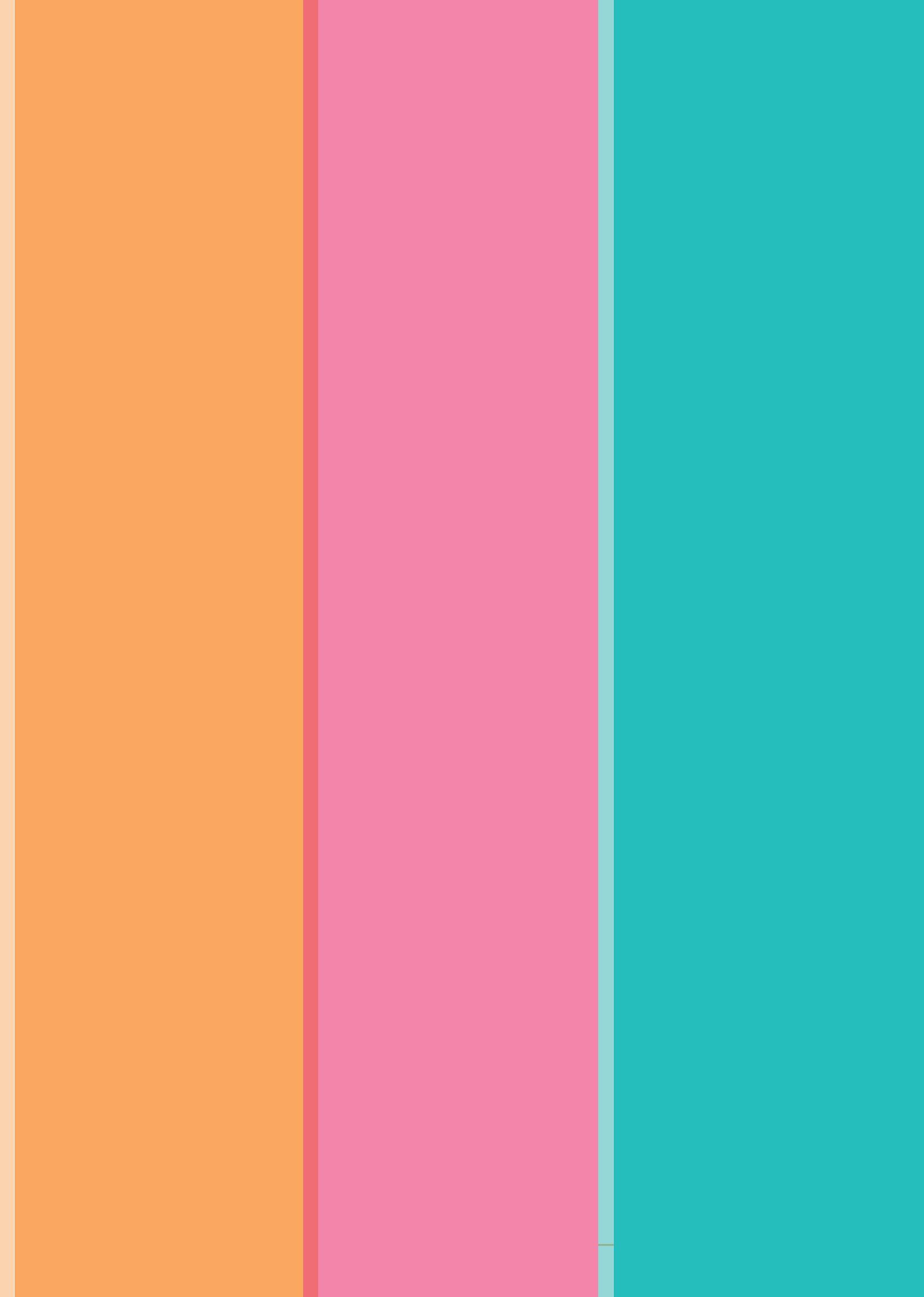


<sup>1</sup>In 2012 the BAI upheld eleven complaints about RTÉ output. Six complaints related to one Television programme (*The Frontline Presidential Debate*, broadcast in October 2011). Five complaints related to various Radio programmes broadcast by RTÉ.

## FINANCIAL HISTORY

	IFRS 2012 €'000	IFRS 2011 €'000	IFRS 2010 €'000	IFRS 2009 €'000	IFRS 2008 €'000
<b>INCOME STATEMENT</b>					
Television Licence revenue	180,894	183,623	195,968	200,217	200,852
Commercial revenue	156,320	167,257	175,699	174,704	239,908
<b>Total revenue</b>	<b>337,214</b>	<b>350,880</b>	<b>371,667</b>	<b>374,921</b>	<b>440,760</b>
Operating costs (before depreciation, amortisation and restructuring and other charges)	(335,002)	(353,411)	(356,197)	(363,368)	(439,488)
<b>EBITDA before restructuring charges</b>	<b>2,212</b>	<b>(2,531)</b>	<b>15,470</b>	<b>11,553</b>	<b>1,272</b>
Depreciation and amortisation	(17,504)	(16,110)	(20,400)	(26,025)	(21,022)
Restructuring and other charges	(46,161)	-	-	(11,341)	-
<b>Loss from operating activities after restructuring and other charges</b>	<b>(61,453)</b>	<b>(18,641)</b>	<b>(4,930)</b>	<b>(25,813)</b>	<b>(19,750)</b>
Net finance (expense) / income	(3,737)	2,442	1,118	(1,649)	10,324
Tax	43	(561)	(850)	(339)	9,459
<b>(Deficit) / Surplus for the year</b>	<b>(65,147)</b>	<b>(16,760)</b>	<b>(4,662)</b>	<b>(27,801)</b>	<b>33</b>
<b>BALANCE SHEET</b>					
<b>Non-current and current assets</b>					
Property, plant and equipment	96,591	100,248	92,115	98,286	108,931
Intangible assets	4,348	3,681	3,329	4,711	4,973
Pension asset	746	664	3,861	9,208	-
Inventories	33,936	37,044	35,663	37,156	41,314
Other assets	91,529	118,077	118,527	112,625	134,418
<b>Total assets</b>	<b>227,150</b>	<b>259,714</b>	<b>253,495</b>	<b>261,986</b>	<b>289,636</b>
<b>Non-current and current liabilities</b>					
Employee benefits - restructuring costs	34,298	12,505	19,708	24,150	16,343
Pension liability	47,086	47,797	-	-	86,617
Other liabilities	145,492	128,240	96,488	92,401	112,413
Total liabilities	226,876	188,542	116,196	116,551	215,373
Equity	274	71,172	137,299	145,435	74,263
<b>Total equity and liabilities</b>	<b>227,150</b>	<b>259,714</b>	<b>253,495</b>	<b>261,986</b>	<b>289,636</b>
<b>CASH FLOW</b>					
Net cash (used in) / generated from operating activities	(22,061)	(17,665)	14,481	9,323	18,437
Net cash flow from acquisition of property, plant, equipment and intangible assets	(14,847)	(23,128)	(11,732)	(20,506)	(45,907)
<b>EMPLOYEE HEADCOUNT</b>					
<b>Total at 31 December</b>	<b>1,858</b>	<b>2,093</b>	<b>2,151</b>	<b>2,214</b>	<b>2,351</b>

## NOTES





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