

RTE

ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS 2006

RTE

RADIO TELEFÍS ÉIREANN ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS 2006

RTÉ's vision is to grow the trust of the people of Ireland as it informs, inspires, reflects and enriches their lives

RTÉ's mission is to:

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

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Radio Telefís Éireann Authority
 Forty-sixth Annual Report and Group Financial
 Statements for the 12 months ended 31 December
 2006, presented to the Minister for Communications,
 Marine and Natural Resources pursuant to sections
 25 and 26 of the *Broadcasting Authority Act, 1960*.



Performance Highlights

49 of the **50**

most watched programmes in 2006 were on RTÉ Television, 43 of which were home produced

17 of the **20**

most listened to national radio programmes in 2006 were on RTÉ Radio

Over 1m

viewers watched either RTÉ's Six One or Nine O'Clock News daily during 2006

€182.8m

Licence revenue, an increase of 7.5%

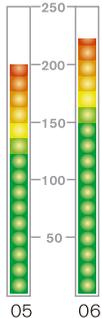
€222.2m

Commercial revenue, an increase of 11.2%

€10.2m

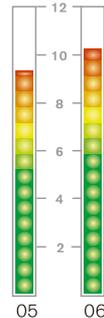
Net surplus (pre FRS 17), an increase of 10.3%

€199.8m €222.2m



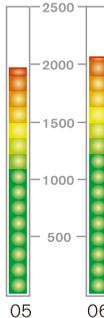
Commercial revenue

€9,285m €10,244m



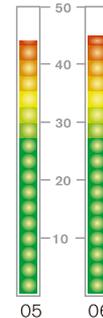
Net surplus

1963 2060



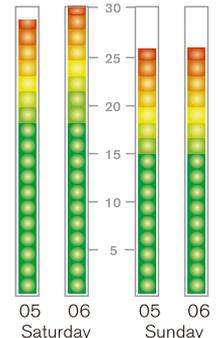
RTÉ TV indigenous programming hours (broadcast in peak time)

44.2% 45%



Total RTÉ TV audience share (peak time)

29% 30% 26% 26%



Total RTÉ Radio weekend reach

What We Do

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

Radio

RTÉ operates four radio stations.

RTÉ RADIO 1

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

RTÉ 2fm

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

Television

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

RTÉ ONE

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

News & Current Affairs

RTÉ News and Current Affairs

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

Publishing

RTÉ GUIDE

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

RTÉ AERTEL

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

Network

RTÉ Network

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

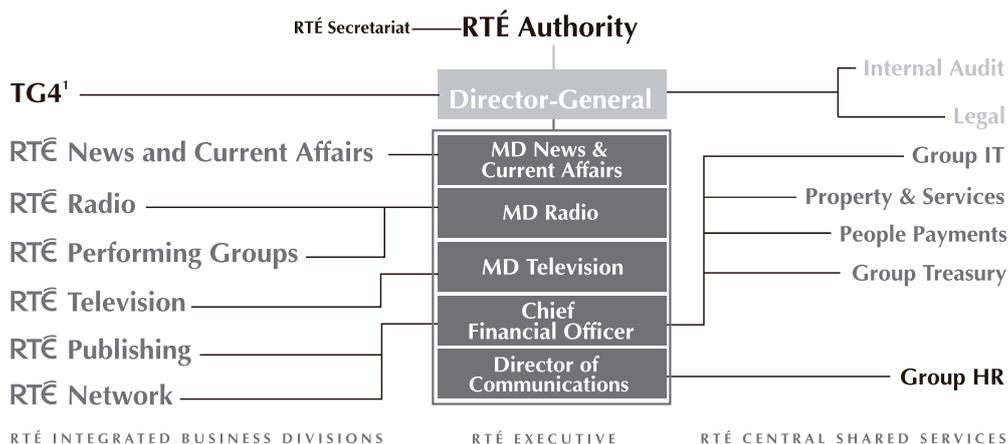
Performing Groups

RTÉ Performing Groups

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

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

In addition, TG4, a national television channel with Irish language programming forming the core of its service, has resided within the RTÉ Group since it came on air in 1996, pending the completion of a Government review of its relationship with RTÉ. The Government announced in August 2006 that TG4 would become an independent statutory body from the beginning of April 2007.



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

1. TG4 still resides within the RTÉ Group. It is scheduled to become an independent statutory body from April 2007.

RTÉ lyric fm

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

RTÉ RAIDÍO NA GAELTACHTA

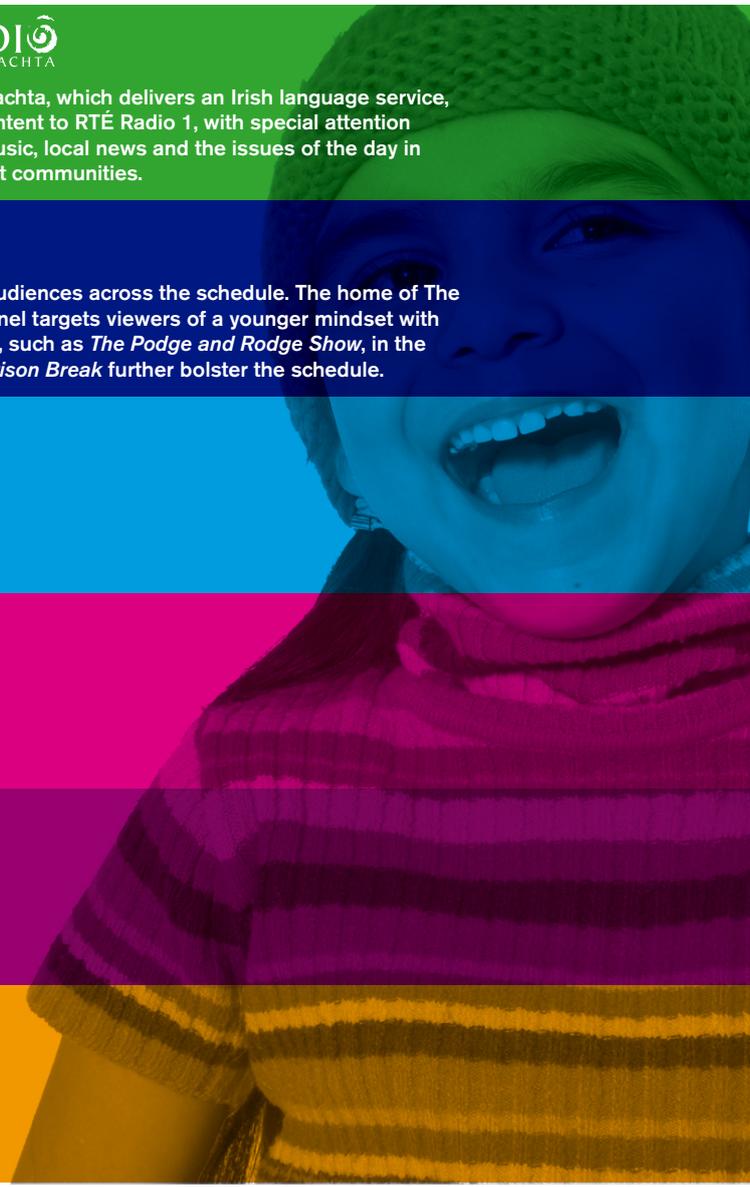
RTÉ Raidió na Gaeltachta, which delivers an Irish language service, broadly similar in content to RTÉ Radio 1, with special attention paid to traditional music, local news and the issues of the day in the various Gaeltacht communities.

RTÉ TWO

RTÉ Two is a mixed-genre channel designed to appeal to niche audiences across the schedule. The home of *The Den* for younger viewers and RTÉ Sport during daytime, the channel targets viewers of a younger mindset with innovative drama, such as *Trouble in Paradise*, and entertainment, such as *The Podge and Rodge Show*, in the evenings. Key acquisitions such as *Desperate Housewives* and *Prison Break* further bolster the schedule.

RTÉ.ie

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



Chairman's Statement



Mary Finan Chairman

“It is gratifying that our output, in all its manifestations, continues to occupy centre stage”

2006 was my first complete year as Chairman of the RTÉ Authority and it proved to be an extremely challenging and busy one. Initially, I would like to extend my sincere thanks to my fellow members of the Authority for their consistent and extraordinarily high level of commitment and diligence. It is a genuine pleasure to have such dedicated colleagues.

For the fourth successive year, 2006 saw an achievement ahead of budget and an increase in the Licence Fee, following an independent assessment of how we met our commitments and delivered on change management. This increase in revenue facilitated a welcome consolidation of our expenditure on home-produced programming. RTÉ Television continues to reap the benefits of this investment and it, combined with complementary scheduling, resulted in an increase in the numbers of viewers for both RTÉ One and RTÉ Two channels and, by year-end, the latter had resumed its position as the second most-watched Irish channel.

In a crowded domestic market RTÉ has taken stock of the core remit of its radio services and is implementing a series of changes designed to support that remit and strengthen the services. RTÉ Radio has also taken important initiatives in the digital environment and is now, for example, in co-operation with RTÉ Publishing, a significant player in the new pod-casting market. RTÉ Publishing continues to focus on both electronic and hard copy media with significant success. I would like to highlight the redesign of RTÉ.ie and the remarkable growth in the numbers of both page impressions and unique users. RTÉ is defined and assessed by what it offers its audiences. It is gratifying that our output, in all its manifestations, continues to occupy centre stage - despite the crowded marketplace and the increasing proliferation of emerging platforms.

During the year we continued to have a good working relationship with the Minister and officials of the Department of Communications, Marine and Natural Resources. I would like to record our appreciation of their ongoing support for RTÉ and to identify, in particular, two specific areas which we addressed with the Department.

Firstly, the area of legislation, which is clearly fundamental to all that we do. As a not-for-profit organisation, in receipt of significant public money, we are conscious of the need to remain accountable, transparent and in full compliance with our legislative responsibilities. During the year the Government published *The General Scheme for a Broadcasting Bill* and *The Broadcasting Amendment Bill, 2006*.

The *General Scheme* became the topic of the first ever e-consultation process of Irish legislation, which is ongoing as I write. RTÉ has played a full role in the e-consultation process – including making submissions, attending Oireachtas hearings and promoting the process on RTÉ.ie. The *General Scheme* proposes a comprehensive Bill and it is critical that the consultation leads to good legislation that will help ensure the proper development of the broadcast sector in Ireland.

The Broadcasting Amendment Bill, 2006 addresses the issues of Digital Terrestrial Television (DTT) and broadcasting to the Irish diaspora.

Secondly, in March 2006 we submitted the *RTÉ Strategic Corporate Plan, 2006 – 2010* to the Minister and to the Department. The Authority has been monitoring the implementation of the Plan and I can state confidently that it is having a significant impact on all Divisions in the organisation – not least in embedding the practice of strategic planning. Later this year we will be submitting the second iteration of the 5-year rolling Plan to the Minister.

In the 2005 Annual Report I mentioned that during my first few months as Chairman of the Authority I had been struck by the focus within RTÉ on good governance, quality output and efficiency. This initial impression has been reinforced consistently. I am proud of the Organisation and of the huge commitment shown by staff members, who really are our most important asset, and I am delighted to acknowledge this.

It will be an exciting and busy period ahead for all in broadcasting. I am confident that RTÉ will meet the challenge and ensure that Irish people continue to have a Public Service Broadcaster of which they can be justly proud.

Mary Finan

Director-General's Review

Overview of 2006

2006 saw a number of significant achievements for RTÉ. It was a year in which high quality output in publishing, programming and music making was delivered, reinforcing our commitment to excellence and to innovation and this was matched by a strong commercial performance. The strong programming performance was clearly recognised as RTÉ received 64 national and international awards and a further 61 nominations across Radio, Television, the website and RTÉ Publishing, with all programme genres represented.

2006 also brought some fresh challenges. New entrants arrived in the increasingly competitive Irish broadcast media arena. In a significant corporate development, RTÉ published the first iteration of a rolling 5 year *Strategic Corporate Plan* which sets out our vision and objectives to 2010. RTÉ is committed to ongoing strategic planning and 2007 will see the publication of the second iteration of the Plan.

As already indicated by the Chairman, important new draft legislation was introduced in 2006. As well as the *General Scheme for a Broadcasting Bill*, new draft legislation was published addressing the need to establish a Digital Terrestrial Television (DTT) platform for Ireland. The establishment of a viable DTT platform for Ireland is of central and enduring importance to RTÉ as Ireland's free-to-air National Public Service Broadcaster. RTÉ will work closely with all the key stakeholders to ensure DTT is established in a timely cost-effective manner to offer the viewing public universal multi-channel free-to-air television in advance of the 2012 proposed EU analogue switch-off date.

People

Broadcasting is a creative and complex set of activities. The success of RTÉ in 2006 can be attributed to the skills and commitment of its staff and the independent production companies, with whom RTÉ work in partnership. Our skills are continually being re-assessed and developed particularly as we now migrate to a fully digital environment. The combination of committed and creative in-house staff in all aspects of output and a burgeoning independent production sector leave RTÉ strongly positioned to face the many challenges of the ever changing media landscape. This creative focus is very ably supported by an array of equally

committed backroom staff in Administration, Communications, Legal Services, Finance, Property & Services, HR and Technology. It is a tribute to the hard work and energy of all involved in the enterprise of public service broadcasting in Ireland that we can face the future with the confidence of the public and a sense of determination that what RTÉ does will matter centrally in Irish life in the future.

The Audience Council

In line with RTÉ's published commitments, the Audience Council first came together in 2003. Elsewhere in this Report an account of their deliberations and meetings in 2006 is published. It is evident from the wide range of topics discussed by the Council that it demonstrated a breadth of interest in many aspects of RTÉ's programme output. A member of the RTÉ Authority, Maria Killian, sits on the Council with the remit of acting as bridge between the Authority and Council. Also a report of each of the Council's meetings is published on the RTÉ website. Throughout the year senior editorial management, as has been customary, continued to attend all meetings to discuss programming priorities and listen to the views and concerns of the Council. I am happy to say that these views have informed editorial considerations throughout the year.

As the Council states in its Report it is concerned to ensure that in any new legislative provision continuity of membership is maintained and RTÉ supports the Council in this regard.

I welcome the Council's ongoing participation with their BBC Northern Ireland counterparts.

Since year end Mr Mark Connolly has resigned as Chairman and been replaced by Mr Paul Kinsella. I would like to thank Mr Connolly for his outstanding contribution as



Cathal Goan Director-General

“In a significant corporate development, RTÉ published the first iteration of a rolling 5 year Strategic Corporate Plan which sets out our vision and objectives to 2010.”

Chairman and wish Mr Kinsella every success in the coming year.

Corporate Responsibility

RTÉ's approach to Corporate Responsibility is based on the moral case that, as Ireland's Public Service Broadcaster, we have a responsibility to do the right thing for Irish society. RTÉ is serious about Corporate Responsibility, and in 2006 we issued a *Corporate Responsibility Report*. This is an initial report identifying key areas of responsibility, giving specific examples of corporate responsibility activities and seeking feedback. Just as our financial performance is measured and assessed so too should the social and environmental dimensions of our activities. Therefore this report is an important first step in the public commitment we are making to corporate responsibility. A copy of this report is available on RTÉ.ie. A separate *Corporate Responsibility Report* will also be published in 2007.

TG4 Independence

As originally anticipated in 1994 when RTÉ was directed by the Government to establish Teilifís na Gaeilge, TG4 is to become a separate statutory body. 1 April 2007 has been nominated as the date for separation. RTÉ will continue to supply one hour of programming in Irish per day at no cost to TG4, and will work with TG4 to further shared aims for Public Service Broadcasting.

In conclusion, I wish to thank the chairman, Mary Finan and the members of the RTÉ Authority for their constructive and vigilant support in the guidance of important developments and their close attention and rigour in shaping the strategy for RTÉ's future.

Cathal Goan

***The Clinic* returned in 2006 with some fresh faces and surprising revelations. As always the practitioners in Dublin's Clarence Street Clinic often find it easier healing others than helping themselves.**

RTÉ Drama had a very strong year with new dramas such as *Stardust* featuring amongst the top ten of most watched programmes in 2006.



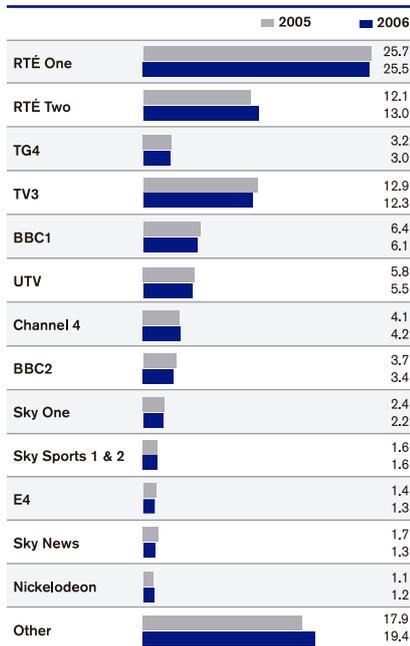
Operational Review

Television

RTÉ Television enjoyed considerable success in 2006, performing strongly against increased domestic and international competition. Between December 2005 and December 2006, RTÉ Television's total national share in peak time (18:00-23:30) increased by almost 1% to 45%. This was in the context of a decline in the share of all of RTÉ's terrestrial competitors during the same period.

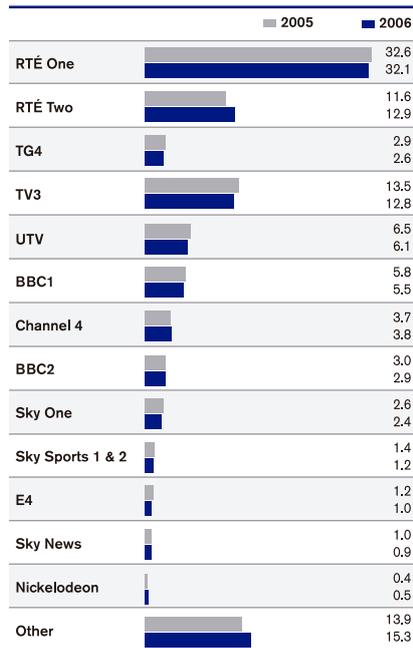
In multi-channel homes (the most competitive environment), RTÉ's total peak time share increased by over 1% to 38.4%.

National Individual All Day Channel shares



Source: AGB Nielsen Media Research

National Individual Peaktime Channel shares



Source: AGB Nielsen Media Research

The most satisfying element of this performance was the increase in share for RTÉ Two. This station was re-branded and re-launched 18 months ago and is now the second most popular channel in Ireland, after RTÉ One.

19 of the Top 20 programmes on all channels in 2006 were broadcast by RTÉ. The list showcases the range of output from the *Late Late Show* and *Killinaskully* (both in the top five) to the GAA All-Ireland Finals and of course News and Current Affairs.

Overall, RTÉ Television continued to dominate the list of the 100 most watched programmes in Ireland in 2006. This strength in market share contributed also to the continuing rise in advertising revenue.



This is the first time in five years that the sponsorship of the *Late Late Show* has become available and Halifax has signed an agreement to sponsor the show for the next two years.



The Café



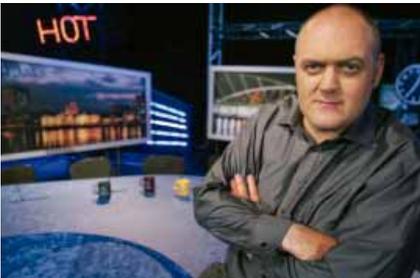
RTÉ Sport - Coverage of the GAA Championship 2006.

Operational Review

Television continued



Podge and Rodge brought their unique flavour to the RTÉ Two schedule, alongside *The Panel* and *Naked Camera*.



The Panel



Naked Camera

Most watched TV programmes (000's of viewers)

TOP 10 PROGRAMMES* IN 2006

Base: National, Individuals aged 4+

Rank	Programme	Channel	Day	Date	Time	TVR	000s	Share
1	Late Late Toy Show	RTÉ One	Fri	01-Dec	21:35 - 23:45	29	1122	70.4
2	RTÉ News: Nine O'Clock	RTÉ One	Sun	26-Feb	21:00 - 21:18	22.3	854	55.3
3	You're A Star: Results	RTÉ One	Sun	05-Mar	21:25 - 21:54	21.2	810	50.4
4	Killinaskully: A Christmas Concert	RTÉ One	Mon	25-Dec	21:41 - 22:09	20.7	799	48.6
5	All Ireland Hurling Final: Kilkenny v Cork	RTÉ Two	Sun	03-Sep	15:27 - 17:31	20	774	70.4
6	Eurovision Song Contest	RTÉ One	Sat	20-May	20:00 - 23:02	19.9	762	58.3
7	Coronation Street	TV3	Mon	25-Dec	20:00 - 20:56	19.4	750	45.3
8	Rose Of Tralee 2006	RTÉ One	Tue	22-Aug	21:33 - 23:15	18.5	707	51.6
9	All Ireland Football Final: Kerry v Mayo	RTÉ Two	Sun	17-Sep	15:18 - 17:31	18.3	709	67.5
10	Stardust	RTÉ One	Sun	12-Feb	21:35 - 22:31	17.7	678	46.2

Source: AGB Nielsen Media Research

* Highest ranking programme. Programme ranked on TV Rating (TVR). Universe change September.

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

RTÉ Drama output was particularly strong in 2006 with, among others, new dramas *Stardust*, *Fallout*, and *Legend*. There was also a welcome (and very successful) return for *The Clinic*, while *Fair City* continued to deliver huge audiences for RTÉ One.

RTÉ Factual delivered some real highlights last year, with the acclaimed documentary series on Islam and the lives of *Junior Doctors*, as well as a strong slate of individual documentaries such as *Arts Lives* and *Hidden History*.

The *Late Late Show* and *Tubridy Tonight* maintained their position as essential weekend viewing. New stars Podge and Rodge brought their unique flavour to the RTÉ Two schedule, alongside *The Panel* and *Naked Camera*.

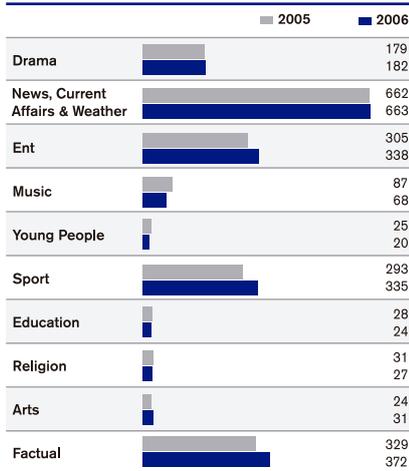
It was also a significant year for RTÉ Sport with the highlights being some of the year's landmark events, notably the Ryder Cup and the World Cup 2006 Championship, as well as extensive coverage of the GAA Championship, Six Nations rugby, international soccer and horse racing. RTÉ Television also continued its commitment to minority sports with regular coverage of basketball, hockey, athletics, Moto GP, greyhound racing and Irish rallying, to name but a few.

The sports rights market remains as competitive as ever and RTÉ will continue to face significant challenges in the years ahead as we try to ensure that free-to-air access to major sporting events is guaranteed to the Irish viewing public.

2006 also saw RTÉ invest in a number of one-off events, which involved programming on Television, Radio and On-line. *Health Fix for 06* started the year and was followed by *Test the Nation* and the *20 Years* project, which looked at how Ireland has changed in the last two decades. Irish Language programmes, in addition to *Léargas* and *Scannal*, added a new and successful series *Oileán*, while Daytime saw the addition of *Seoige and O'Shea* to its offerings.

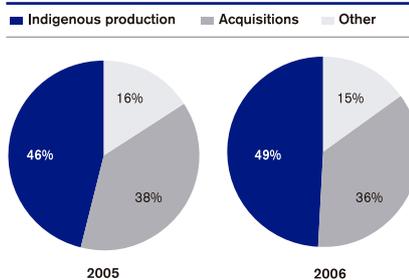
Finally, Young People's programming delivered over 650 hours of output in one of the most competitive parts of the schedule. Initiatives for 2006 included special school holiday programming, access initiatives for viewers, pre-school programmes, animation and music.

Indigenous hours broadcast on RTÉ Television in peak time by genre



Source: RTÉ

RTÉ Television peak time content analysis



Source: RTÉ

Commercial Revenue

2006 was another record year for revenue in Television which grew by 13%. This is a notable achievement given the sharp and increasing competitiveness of the market.

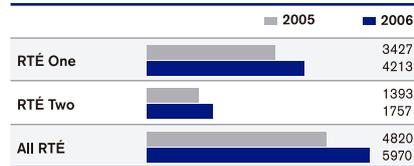
Sponsorship revenue also performed well in 2006, with increases driven by Ryder Cup and World Cup revenues, as well as a number of key new sponsorships such as Glanbia's sponsorship of *The Weather* and the Halifax sponsorship of the *Late Late Show*.

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

Operational Issues

RTÉ Television continued to invest heavily in key capital projects. The move towards a fully digital environment continued with investment in digital post-production and a new channel management system that is set to come into play in 2007.

Subtitling hours RTÉ Television



Source: RTÉ

Competitive Issues

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



Daytime saw the addition of *Seoige and O'Shea* to its offerings.



Test the Nation



Young People's programming delivered over 650 hours of output in one of the most competitive parts of the schedule.

RTÉ Radio 1 brings Macbeth to Monaghan. In December 2006, RTÉ Radio 1 worked with four Co. Monaghan schools to record Shakespeare's Macbeth for RTÉ Radio. Leaving Certificate groups from Carrickmacross and Monaghan town played the demanding roles under the guidance of theatre actor and director, Alan Stanford.

The four part radio series, Macbeth in Monaghan, was broadcast on RTÉ Radio 1 over four Sundays in January 2007.



Operational Review

Radio

Top 20 All-Week National Radio Programmes – January to December 2006

Rank	Programme	Station	Timeblock	Period	% Reach	No. of Adults 15+
1	Morning Ireland	RTÉ Radio 1	07:00-09:00	Mon-Fri	13%	442,000
2	Liveline with Joe Duffy	RTÉ Radio 1	13:45-15:00	Mon-Fri	10%	333,000
3	The Tubridy Show	RTÉ Radio 1	09:00-10:00	Mon-Fri	10%	324,000
4	Gerry Ryan	RTÉ 2fm	09:00-12:00	Mon-Fri	9%	316,000
5	News at One	RTÉ Radio 1	13:00-13:45	Mon-Fri	9%	304,000
6	Marian Finucane	RTÉ Radio 1	11:00-13:00	Sat	9%	291,000
7	Today with Pat Kenny	RTÉ Radio 1	10:00-12:00	Mon-Fri	8%	268,000
8	Playback	RTÉ Radio 1	10:00-11:00	Sat	7%	251,000
9	The Saturday Show with William Leahy	RTÉ 2fm	12:00-15:00	Sat	7%	250,000
10	Conversations with Eamon Dunphy	RTÉ Radio 1	09:00-10:00	Sat	7%	248,000
11	Marian Finucane	RTÉ Radio 1	11:00-13:00	Sun	7%	247,000
12	Ray D'Arcy Show	Today FM	09:00-12:00	Mon-Fri	7%	244,000
13	Ian Dempsey Breakfast Show	Today FM	07:00-09:00	Mon-Fri	7%	236,000
14	The Last Word	Today FM	16:30-19:00	Mon-Fri	6%	192,000
15	Drivetime	RTÉ Radio 1	17:00-20:00	Mon-Fri	6%	189,000
16	News / Papers / World Report / Farm Week	RTÉ Radio 1	08:00-09:00	Sat	5%	185,000
17	Michael Cahill	RTÉ 2fm	09:00-11:00	Sat	5%	181,000
=18	The Business / Various	RTÉ Radio 1	10:00-11:00	Sun	5%	178,000
=18	Ireland's Biggest Jukebox with John Clarke	RTÉ 2fm	11:00-14:00	Sun	5%	178,000
20	News / Papers / Sunday Miscellany	RTÉ Radio 1	09:00-10:00	Sun	5%	176,000

Source: Joint National Listenership Research Surveys Jan-Dec 2006 (TNS-mrb)

RTÉ Radio hours by genre

Genre	2005	2006
Arts	843	858
News, Current Affairs & Weather	7,745	7,637
Sport	1,400	1,487
Music	20,671	19,884
Factual	3,286	3,212
Other	1,651	2,733

Source: RTÉ

RTÉ Radio 1

2006 saw considerable changes in RTÉ Radio. This is perhaps the most intensely competitive of all media sectors. While more people than ever are listening to radio, the audience is increasingly discerning and nowadays is offered a bewildering variety of listening choice. In response both to competitive issues and to changing audience demographics and tastes, RTÉ Radio introduced some of the most far-reaching changes to the schedule in many years.

The innovative new schedule, developed under the leadership of new Head, Ana Leddy, who came on board in early 2006, saw the introduction of *Mooney*, the new format and sequence of *Drivetime*, now anchored by Mary Wilson and a new arts show *The Eleventh Hour*. Eamon Dunphy presents a new series on Saturday mornings and John Creedon has moved to *Late Date*. The new schedule reflects the changing audience and market profile. Our commitment is to maintain highest standards while also broadening the appeal.



Eamon Dunphy presents a new series on Saturday mornings. The new schedule reflects the changing audience and market profile.



2006 saw the introduction of *Mooney* – an afternoon mix of conversation, information, advice and entertainment.



Drivetime with Mary Wilson.

Operational Review

Radio continued



In October top presenter John Kelly joined RTÉ lyric fm and presents *The JK Ensemble* on weekday afternoons.

There were several key programming milestones of which highlights included celebration of the Beckett Centenary, exceptional coverage of the Ryder Cup, and the nationwide talent search that culminated in the staging of *Carousel* and the *All-Ireland Christmas Carol Concert*.

RTÉ 2fm

RTÉ 2fm's weekend audience continued to grow in 2006, but all weekday programmes lost listeners. The priority for 2007 is to rebuild the schedule and recover audience share. Performance of live music accounted for more than 175 broadcast hours; the 2fm sessions toured in Carlow, Leitrim, and Mayo; 30 new bands were recorded for broadcast, and almost 40 hours of live music were supplied to the European Broadcasting Union network. *Transition Year Radio* completed its third successful year, and three talented young bands performed in a 10-day regional concert tour under the banner *RTÉ 2fm 2moro 2our*. The channel maintained a strong commercial performance through advertising, sponsorship, and programme promotions.

RTÉ lyric fm

RTÉ lyric fm enjoyed a very successful year. A key initiative celebrated the Mozart Bi-Centennial with *The Rambles of Mozart* (a commission from traditional fiddle player Frankie Gavin), several important anniversary concerts, and live broadcasts from Vienna. In October, two top presenters joined the channel: John Kelly presents *The JK Ensemble* on

weekday afternoons and Gay Byrne hosts *Sunday Serenade*. Most programmes achieved audience growth. Five CDs were released on the RTÉ lyric label; one of them, *Christmas Choice*, was produced in collaboration with the RTÉ Concert Orchestra and distributed free with the *RTÉ Guide*.

RTÉ Raidió na Gaeltachta

2006 began with the appointment of Edel Ní Chuireáin as Ceannaire. Independent research published in March reported the channel's share of listening in An Gaeltacht as 41%, up 9% from 2001. Schedule changes began with a 30-minute extension of morning news and current affairs programming. *Adhmhaidin* now begins at 7:30 am. This reflects a strong commitment to serious journalism at the heart of the schedule. The mid-afternoon has a new entertainment show *RonánBeo@3*. *Dearc* is a new weekly strand with an emphasis on the visual arts. *Oideas agus Oidhreacht* is a thought-provoking addition to the evening schedule. *Spórt an Lae*, *Nead na Fuiseóige*, and *Sruth na Maoile* have been extended or reformatted as part of a commitment to improve the service while retaining loyal audiences. *Géill Slí* on *Anocht fm* has consolidated its young audience. 2007 will see further developments in youth programming in particular.

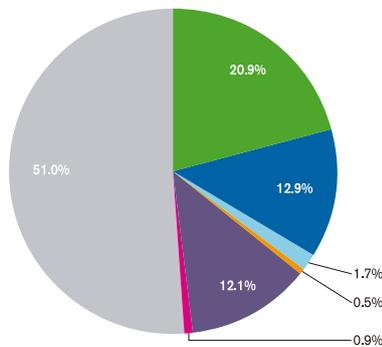


Commercial Activities

Commercial income grew year-on-year in an ever more competitive market. In 2007 we will build on the success of marketing campaigns such as RTÉ 2fm's *livin' the life, lovin' the music* and RTÉ lyric fm - *where life sounds better*. A state of the art radio studio has been built in Dublin's Dundrum Town Centre and a new RTÉ 2fm Roadcaster will take to the road in 2007. To sustain the success of recent years, it will be essential for RTÉ Radio 1 and RTÉ 2fm to regain audience share.

National Shares of Radio listening 2006

RTÉ Radio 1	20.9%
RTÉ 2fm	12.9%
RTÉ lyric fm	1.7%
RTÉ Raidió na Gaeltachta	0.5%
Today FM	12.1%
Other National	0.9%
Regional/local stations	51.0%



Source: Joint National Listenership Research Surveys Jan-Dec 2006 (TNS-mrb)

Competitive Issues

The BCI awarded a record number of radio licences in 2006. Across the spectrum and across the country, the competitive radio landscape changed dramatically. Soon some 40 commercial stations will exist, all competing for a portion of the same advertising cake.

In addition the conglomeration in the market has continued for EMAP, UTV and Communicorp. These three now own almost every radio station in Ireland's major conurbations.

The number of radio stations on cable, digital TV, media players and on the internet has also increased in 2006. When the impact of iPods/MP3 players is also factored in, it can be readily seen that the competitive environment has experienced a seismic change and that the challenges for all radio stations are mounting.

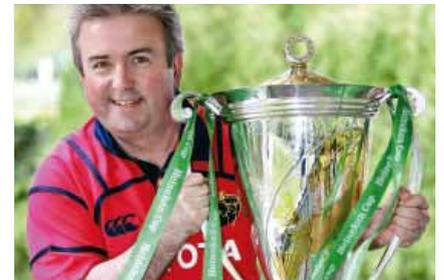
We plan to introduce a more sophisticated TV-like audience measurement system in 2007, which has already undergone trials in the UK with positive results.

Radio Operations

2006, the 80th anniversary of RTÉ Radio's predecessor 2RN, took the service into the digital broadcasting era with trials of digital audio broadcasting (DAB). Digital technology represents a significant improvement on the FM standard, offering cleaner sound, programme information displayed in text, and potential for more channels and services. There were also trials of DAB-IP, a means of delivering TV channels to mobile devices via DAB radio transmissions. Radio also expanded its on-line offering. By the end of the year, RTÉ Radio was the largest national programme podcaster.



RTÉ Radio was the only Irish station with inside-the-ropes access at the K Club. RTÉ Radio 1 medium wave and long wave had almost thirty hours of coverage live from the course on Ryder Cup weekend.



RTÉ Radio rugby commentator Michael Corcoran.

In December 2006, as part of its on-going series of investigations, *Primetime* brought its viewers startling revelations about the business practices of those involved with Ireland's property boom.

Last year over 80,000 new homes were built in Ireland, with over 99% market penetration for RTÉ television nationwide, chances are 45% of those households were watching RTÉ Television News and Current Affairs.



Operational Review

News and Current Affairs

Programming

Qualitative research demonstrated continued strong support for RTÉ's News programming with both Television and Radio News delivering good competitive performances in 2006. In radio, *Morning Ireland* retained its position as the most listened-to programme in the country and the RTÉ News pages on RTÉ.ie reached record page impressions.

2006 saw two further series of the award-winning *Prime Time Investigates* programme. Editions which had major audience impact included programmes on people trafficking, A&E services, mental health and estate agents.

Two particular themes were addressed during the year. Road Safety was featured every day in news bulletins, with additional monthly reports on the causes and consequences of that month's fatal accidents. In an example of innovative cross-media support, RTÉ.ie also carried a special website on Road Safety which complemented the News features and extended the story's footprint. The second major theme was that of global warming which involved features by Environment Correspondent Paul Cunningham including a series of reports from the melting icecap of Greenland.

Other keynote topical features included Jim Fahy's documentary on the experience of emigrants from Brazil now living in Gort, Co Galway and *Nationwide's* special programme from Poland at Christmas. In contrast, Economics Editor George Lee presented a challenging analysis of the recent Irish economic experience in a special feature called *Boom*.

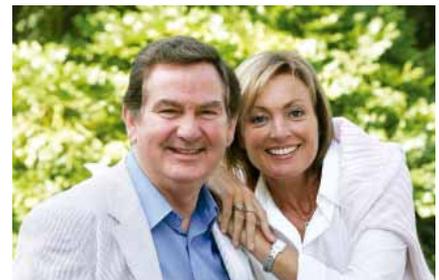
Special events during the year included comprehensive coverage of the State funeral of Charles J. Haughey and the special commemoration of the 90th anniversary of the 1916 rising.

Nuacht Pobail for TG4 and Nuacht RTÉ was an innovative approach to community broadcasting in Gaeltacht areas which involved a Nuacht team training a local community to provide their own news programme.

The News Department appointed a new Legal Affairs Correspondent, a new Dublin Correspondent and an Arts and Media Correspondent.

Operational

Significant technological change was introduced into News in 2006. The 20 year-old Newstar computer system was replaced by a new system iNews. This necessitated the retraining of the entire News staff. In parallel with this change the Editstar video self-editing system was replaced with Avid Newscutter and the control room of Studio 3 was moved over to tapeless transmission. In the summer, the News "look" was changed with a new set, animations and graphic design for all News bulletins and all News output moved to widescreen format.



Nationwide's Michael Ryan and Mary Kennedy travelled to Poland to meet some of the Irish that call Warsaw home.



Capital D presented by Anne Cassin, features the stories, sights and sounds from today's Dublin.

New technology has pushed the viewing of television content to even less conventional ways, with DVB-H/DAB-IP technology providing many mobile phones and PDA's with direct access to TV and especially sporting coverage. Where it's watched, and when it's watched, is purely a personal choice!

RTÉNL is right at the heart of this enhancement and delivery of digital broadcast and continues to work closely with its strategic partners to advance the commencement of Digital Audio Broadcast and Digital Terrestrial Television.



Operational Review

Network

Competitive Issues

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

The telecommunications regulator, ComReg, has previously designated RTÉNL's Analogue Broadcast Transmission business as having significant market power (SMP) in a National Analogue Television and Radio Broadcast Transmission market. However, there is little growth in this area as firstly, very few suitable frequencies are available and secondly, the switch-over of frequencies to digital transmission is anticipated.

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

Commercial revenue

The expansion of revenue from existing customers is limited with growth driven by the steady increase in recent entrants to the mobile phone and broadband market. A new technology 'DVB-H / DAB-IP' (TV on mobile phones, PDAs) has made an entry to the Irish market with some positive tests and trials in 2006 although at this early juncture this development has only limited revenue generating impact.

Operational issues

Overall system availability for television and radio broadcasting is again comparable with previous years (99.8% or better).

In 2006 RTÉ and RTÉNL commenced more detailed examination of the Digital Audio Broadcasting (DAB) standard as a possible replacement for FM digital radio technology. Currently this test uses a single multi-plex from RTÉNL's Three Rock and Clermont Cairn sites to provide a digital radio service to the Louth, Meath and the greater Dublin area. It is envisaged that the test will run for approximately two years.

Given its age and power consumption characteristics, a replacement analogue long-wave transmitter, but which is also Digital Radio Mondiale (DRM) compatible, is currently being installed. DRM is an open standard digital radio system for short-wave, AM/medium wave and long-wave usage.

The Department of Communications, Marine and Natural Resources (DCMNR) has commenced a trial Digital Terrestrial Television (DTT) service from the RTÉNL transmission sites at Three Rock and Clermont Cairn. The system is currently carrying all the national television and radio services.

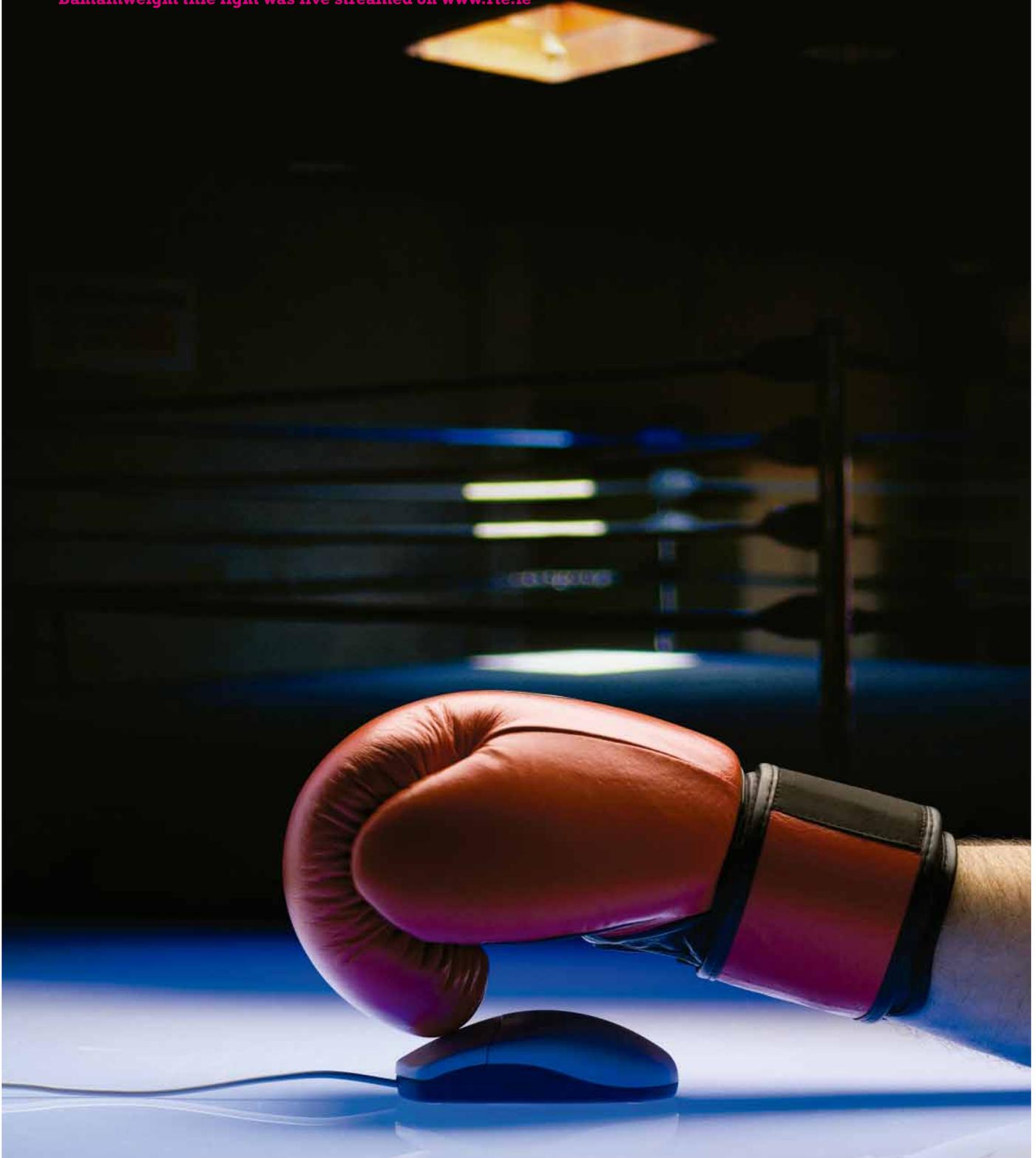
The introduction of DTT and the switch-off of analogue television services are being implemented across Europe and is referred to elsewhere in this report.



The Department of Communications, Marine and Natural Resources (DCMNR) has commenced a trial Digital Terrestrial Television (DTT) service from the RTÉNL transmission sites at Three Rock and Clermont Cairn.

RTÉ.ie, winner of three 2006 Golden Spider awards, has been redesigned to make it even more comprehensive and user friendly. With excess of 23 million “hits” per month, RTÉ.ie offers unrivalled coverage of news, current affairs, sport and entertainment.

In November 2006, the Bernard Dunne v Esham Pickering Super Bantamweight title fight was live streamed on www.rte.ie



Operational Review

Publishing

RTÉ.ie

RTÉ.ie is Ireland's leading group of media websites, delivering 23.1 million page impressions each month (certified by ABC electronic in October 2006) to 1,123,493 monthly unique users, an increase of 42% year-on-year.

Commercial revenue grew by 30% year-on-year, driven largely by sponsorship of microsites, event-led sponsorship, run-of-site advertising and the increased range of services available to users such as Webchats and Microsites. Examples of such new services include the *Test the Nation* website and *rte.ie/property* which was launched in June 2006.

Integrated offerings with other RTÉ services were also developed. The RTÉ News Road Safety campaign was supported by a comprehensive website highlighting a roll of victims, along with extended interviews and a users' bulletin board.

Streaming services were also enhanced with notable events such as the Irish Song Contest for Europe, the GAA Munster Final replay, with over 32,000 streams, and the world wide streaming of the All Ireland Camogie Final.

In 2006, RTÉ.ie introduced Podcasting services on both Video (*The Mozart Sessions* and *Crap Rap*) and Audio (*Morning Ireland*, *Tubridy Show* and *The Business* amongst others). These have all achieved high ratings in the download charts.

Other initiatives in 2006 included:

- RTÉ.ie was re-designed for launch in Q1 2007
- RTÉ.ie joined INEX enabling optimisation of bandwidth
- Live broadband video streaming was introduced
- *Mooney Goes Wild* webcast was viewed by over 500,000 users.

Other notable achievements for RTÉ.ie in 2006 were:

- The site won *The Net Visionary Award for Mobile Internet Contribution* awarded by the Irish Internet Association
- *Other Voices* site on RTÉ.ie was shortlisted for the Prix Europa Awards
- Three Golden Spider Internet Awards were won for:
 - 1) Best News, Media and Entertainment Website,
 - 2) Best Sports and Leisure Website, and
 - 3) Grand Prix Winner.

RTÉ Aertel

2006 was a year of growth and development for RTÉ Aertel, the information service available on analogue teletext service and on RTÉ.ie. RTÉ Aertel increased its reach to over 2 million viewers, every two weeks, as measured by Behaviour & Attitudes. RTÉ Aertel has 90% penetration of TV homes.

Audience Interactive Unit

The Telecoms Audience Interactive Unit supplies SMS and IVR services to 65 programmes across RTÉ Radio and RTÉ Television with over 1,300 services in 2006 covering competitions, comment lines, polls and text to screen.

The unit which operates on a Revenue Share basis with a range of telecom service providers was involved in the generation of over 7 million text and IVR messages in 2006 relating to Television and Radio programmes.

RTÉ Guide

The *RTÉ Guide* has retained its position as the leading consumer magazine in the Republic of Ireland with audited weekly circulation averaging 102,705 copies per week (JNRS Jan-Jun 2006).

The magazine market in Ireland is made up of over 300 titles of which Irish originated titles account for circa 20%. To retain its relevance, the *RTÉ Guide* has been progressively and successfully repositioned over the past three years as an Entertainment, Lifestyle and Listings offering rather than just a listings magazine. The cover price was increased to €1.70 in October 2006, reflecting the value being delivered to consumers.

The *RTÉ Guide* was named Consumer Magazine of the Year at the 2006 PPAI (Periodical Publishers' Association of Ireland) Awards, and was cited for its ability to adapt successfully to a changing marketplace and for its editorial development in line with changing demands of readers. It was also commended for its engagement with the retailers.



RTÉ.ie average page impressions per month (millions)

Year	Average page impressions per month (millions)
2003	7.1
2004	9.9
2005	15.0
2006	20.5

Source: RTÉ

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

Teletext Service	2005 (%)	2006 (%)
RTÉ Aertel	92%	92%
Ceefax	19%	13%
Threetext	11%	12%
Sky Text	9%	8%
Téacs TG4	3%	2%
Other	14%	8%

Source: Nielsen Media Research, Establishment Surveys, 2005 & 2006



In September 2006, marking the centenary of Shostakovich's birth, the RTÉ National Symphony Orchestra completed the cycle of his 15 symphonies, which had began earlier in the season.

Shostakovich was in many ways an obsessive man: he synchronised the clocks in his apartment and he regularly sent cards to himself to test how well the postal service was working!



Operational Review

Performing Groups

Programming

2006 was a memorable year for the RTÉ National Symphony Orchestra (NSO), highlights being the first Irish complete Shostakovich symphony cycle, the beginning of the complete Mahler symphony cycle and *The Mozart Sessions* series for RTÉ TV. The orchestra's national tour programme in 2006 included its first ever concert in Co. Clare, and its community residency in Portlaoise also broke important new ground with workshops in hospitals, schools and the Midlands Prison.

The RTÉ Concert Orchestra's (CO) concert and broadcast output was also strong, with some notable successes in light entertainment, family concerts and in the opera pit with Opera Ireland. The RTÉ CO led the expansion of regional orchestral output. It put on national tours with material varying from *Music in the Classroom* to small scale classical and light classical output and light entertainment concerts. This included the orchestra's first ever concerts in Belfast.

The RTÉ Vanbrugh Quartet delivered exceptional performances both in their Dublin/Cork series and in a wide range of smaller regional venues. Their central role in the West Cork Chamber Music Festival was another highlight. Both RTÉ choirs continued to set very high standards, the RTÉ Philharmonic Choir most notably in its work with RTÉ NSO in Shostakovich and Mahler, and RTÉ Cór na nÓg in its work with both orchestras and in concert/broadcast alone, including performances for both Her Excellency President McAleese and An Taoiseach in 2006.

The 2006 RTÉ *Living Music* series was the most successful to date by all measures, with record attendances and was generally hailed by reviewers and audiences alike as a milestone event in the history of contemporary music presentation in Ireland. The RTÉ *Farmleigh Proms* and the *Summer Lunchtime Choice* series featured both orchestras in very successful events with widespread popular appeal.

Operational

The principal operational advance in 2006 was the commissioning and installation of a new management information system (OPAS) to enable streamlining and integration of orchestra scheduling, programming, logistic

and financial management. Once fully operational OPAS will increase the quality and efficiency of planning and operations.

Commercial

The largest revenue stream, ticket sales, increased considerably in 2006, driven by a combination of strong programming and increased marketing resources. Increased ticket sales were achieved against a background of upward price adjustment in the latter part of the year.

The RTÉ orchestras also enjoy commercial opportunities in the orchestral facilities hire market which itself sub-divides into two principal categories: orchestral performance hire and hiring for film and TV soundtrack recording.

It should be noted also that the Irish market for orchestral performance hire is small at the quality end. The scope for commercial benefit from the market in hiring for film and TV soundtrack recording is more significant. This, however, is a sector in which the RTÉ orchestras are not competing effectively for the level of work that is available and appropriate. Building on this opportunity will be a clear focus for 2007/8.

The net effect of these main revenue channel developments saw the first levelling off of the Performing Groups revenue after a series of large increases in previous years.

Outlook for 2007

The outlook for 2007 is musically positive. The commercial business challenges are considerable, as the quality and range of services must be developed to appropriate levels, (requiring increased revenue), while at the same time, the corporate targets of increasing the cost/commercial revenue ratio to 20% in 2010 must be met.

In 2006, Niall Doyle, Executive Director, Performing Groups announced his intention to step down from the role in 2007 and move to Opera Ireland. He has achieved a great deal in his period leading RTÉ's Performing Groups, both organisationally and artistically and we wish him well in his future career.

RTÉ Performing Groups attendances (and performances)

	2005	2006	Attend ^d	Perf ^t
Overall Total			212,530 (240)	199,848 (250)
Overall General			170,052 (199)	155,709 (205)
Overall Educational			42,478 (41)	44,139 (45)
RTÉ NSO Total			79,221 (80)	85,013 (85)
RTÉ NSO General			59,774 (62)	68,860 (67)
RTÉ NSO Educational			19,447 (18)	16,153 (18)
RTÉ NSO/Phil Choir			8,448 (9)	8,056 (8)
RTÉ CO Total			117,596 (112)	95,939 (113)
RTÉ CO General			94,565 (89)	67,953 (86)
RTÉ CO Educational			23,031 (23)	27,986 (27)
RTÉ VQ			3,164 (28)	2,923 (28)
RTÉ Choirs			2,072 (6)	3,567 (10)
Guest Ensembles			2,029 (5)	4,350 (6)

RTÉ Performing Groups educational activities

	2005	2006
Total Ed. Activity	94	91
Ed. Performances	41	45
Workshops etc.	22	12
Pre-concert talks	31	34

RTÉ Performing Groups contemporary music activities

	2005	2006
World premieres of RTÉ commissioned works	8	6
Dedicated contemporary music concerts	11	13



The RTÉ Concert Orchestra

Súil Eile le 10 mbliana

TG4 celebrating ten years of entertainment



deich mbliana fáis



Operational Review

TG4

TG4 celebrated its 10th on-air birthday in 2006. The quality of Irish language output drew plaudits from viewers and critics and won prizes at festivals at home and abroad. Viewing figures remained steady in an ever-more crowded and competitive television market, commercial revenue was steady and the channel had success in competing for and obtaining significant additional production funding from the relevant public bodies.

Programming

The format and content of the mixed programme schedule on TG4 continues to attract audiences via the various delivery platforms in Ireland and on Webcast overseas. The annual provision of Irish language programming to TG4 from RTÉ continued at 365 hours, half of which comprised the daily *Nuacht TG4* service augmented by the usual mix of in-house RTÉ productions, programmes and series commissioned from the independent sector by RTÉ for broadcast on TG4, as well as some archive-based programmes and material in other languages, acquired by RTÉ for revoicing into Irish.

External funding sources

TG4 programme projects were successful in attracting additional funding from the two funding agencies in Ireland active in this area. A total of 44 TG4-supported Irish language projects obtained funding of €9.2m from the Broadcasting Commission of Ireland's (BCI) *Sound and Vision* schemes in 2006. These projects span most of the main programme genres with the new 13 part Irish teenage drama series *Aifric* among the most high-profile and critically acclaimed of the new ventures.

The channel also received an additional €4m Current Funding in the allocation contained in the Government's Revised Book of Spending Estimates for 2006 published in February 2006, over the allocation contained in the original Book of Estimates for 2006 published a few months earlier.

In addition, some 22 Irish language programme projects succeeded in obtaining funding of €5.5m from the Northern Ireland Irish Language Broadcast Fund (ILBF) during 2006, among them *Deis Roc*, *Adharca Fada*, *MPH* and *Ní Gaeilgeoir Mé*.

As many programme projects have a long lead-in time, many of those that have already received BCI or ILBF funding during 2006 will not air on TG4 until 2007.

Prizes and Awards

The channel's programmes, presenters, marketing and website won more than 30 prizes and accolades at several national and international festivals and awards in 2006. Among the more noteworthy were *Teanga Rúnda*, *Mac an Athar*, *Caitlín Maude* and *Rógairí*.

The TG4 website increased its popularity further in 2006. Annual traffic to www.tg4.ie has grown by over 125% in two years to over 30 million hits. The website's success was recognised in 2006 when TG4 was presented with an Irish eGovernment Award.

The TG4 Live Broadband Television Service, launched in July was an immediate success. In its first month 24,000 streams were viewed. The monthly number of streams had already trebled by November 2006. This innovation is the first of its kind in Ireland and www.tg4.tv captured the Golden Spider Award for Best Broadband Application in 2006.

Operational

It was a busy year for the operational areas of TG4. An entirely new IT system to administer the airtime sales area was established as was a new Channel Management system. The major transition to the 16:9 screen ratio format was implemented from September 2006.

Competitive Environment

TG4 has performed well over the 10 years since its inception. Annual national share reached 3.2% in 2005, its highest figure to date. Although the final 2006 figure is slightly down at 3%, this is four and a half times the 1997 figure.

Commercial

TG4 generated net commercial revenue of €3.5m for 2006. This was equal to the performance in 2005, reflecting the ongoing competition in the marketplace.

Independent Status

In August 2006 the Minister for Communications, Marine and Natural Resources announced that the Government had decided to implement the provisions of the *Broadcasting Act 2001* that enable TG4 to be established as an independent statutory entity. 1 April 2007 has been set as the establishment date.

Outlook for 2007

The coming year promises new challenges for TG4 as it becomes a separate statutory entity, faces more competition and a new regulatory landscape as well as the ongoing effort to obtain additional resources. However, the station is equipped to meet those challenges and to build on its success to date. There is much talent within the organisation which has revealed itself in the innovative programming produced over the past 10 years.

Financial Review

RTÉ again produced a solid financial performance, generating a Net Surplus, before the incremental actuarial movement arising from the application of FRS 17 of €10.2m

Results

In 2006, against a background of substantially increased cost pressures allied to healthy revenue generation, RTÉ again produced a solid financial performance, generating a Net Surplus, before the incremental actuarial movement arising from the application of FRS 17 of €10.2m, an increase of €0.9m on 2005. In overall terms RTÉ's Net Surplus, including FRS 17, was €18.7m in 2006 (2005 : €16.5m).

The assets and earnings of the RTÉ Superannuation Scheme (a contributory funded occupational defined benefit pension scheme) are many times greater than the reported net assets and net surplus of its sponsor, RTÉ. Since the impact of this characteristic on RTÉ's financial reports has the potential to distort an appreciation of the underlying operational and financial performance of RTÉ the commentary below is based, as it has been in previous years, on the results of the Group excluding the surplus arising within the RTÉ Superannuation Scheme. Full disclosure of the Post-FRS 17 outcome continues to be made within the financial statements of RTÉ.

The individual businesses within RTÉ which contributed to the result for the year are as follows:

	2006	2005
	€m	€m
Television	9.5	6.0
Radio	2.6	2.1
News & Current Affairs	(2.6)	(2.2)
Performing Groups	-	-
Network	5.4	5.9
Publishing	-	0.6
Corporate HQ	(4.1)	(3.6)
Consolidation adjustments	(0.6)	0.5
Group total	10.2	9.3

Commercial revenue

Commercial revenue increased

as follows:	€m
Television advertising	+15.6
Radio advertising	+2.7
Other areas	+4.1
Year-on-year increase	22.4
Commercial revenue 2005	199.8
Commercial revenue 2006	222.2

Television and radio advertising revenue remained buoyant in 2006 in an increasingly volatile and competitive marketplace.

Television Licence Fee revenue

An Post are the sole agents appointed by the Minister for Communications, Marine and Natural Resources with responsibility for the collection of television Licence Fee monies from the general public. Collection of monies due by the Department of Social and Family Affairs in respect of "Free" television Licences is the responsibility of the Department of Communications, Marine and Natural Resources (DCMNR). DCMNR makes a non-repayable grant-in-aid of appropriate amounts to RTÉ.

The key factors behind the growth in Licence Fee revenue in 2006 were:

	€m
Increase in Licence Fee	1.9
Increase in licence population	9.8
Other factors	1.0
Year-on-year increase	12.7
Licence income 2005	170.1
Licence income 2006	182.8

The underlying level of licence evasion continues to increase although the financial burden of this non-compliance is partly offset by the high level of new licences issued arising from continuing growth in net new household formations. RTÉ estimates that circa 16% of all eligible households do not hold a valid television licence. We understand that this is more than double the level prevailing in the UK.

Licence Fee attribution and use

The greater proportion of RTÉ's activities are public service activities while the cost of providing them is in fact well in excess of the amount of public funding received in the form of Licence Fee revenue. As a result RTÉ must engage in a variety of ancillary commercial activities aimed at generating commercial revenues to bridge the gap in public funding received.

The accompanying pie-chart shows the attribution of Licence Fee revenues, received by RTÉ during 2006, to some of the public service activities carried out. The table below separately sets out a representation of how the proportion of each Licence Fee received was utilised during 2006 as not all of the Licence Fee collected goes to RTÉ.

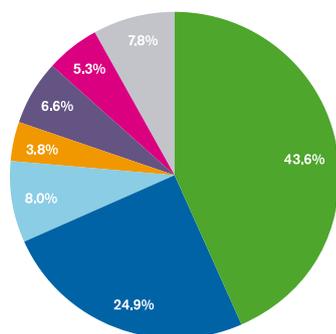
Utilisation of individual Licence Fees collected

	2006 €	2005 €
RTÉ One	60.35	62.84
RTÉ Two	34.42	31.03
Sub-total RTÉ Television	94.77	93.87
RTÉ Radio 1	11.13	9.98
RTÉ RnaG	9.07	8.83
RTÉ lyric fm	5.32	5.12
RTÉ Performing Groups	10.78	10.61
Total RTÉ activities	131.07	128.41
RTÉ support for TG4	7.38	7.65
Broadcasting fund	7.30	7.25
Collection costs: An Post/ DCMNR/ DSFA	9.90	10.84
Average cost of each individual broadcasting licence ¹	155.65	154.15

1 : The Licence Fee increased from €152 to €155 with effect from 1 April 2005, and from €155 to €158 from 1 October 2006.

Attribution of Licence Revenue received by RTÉ in 2006

RTÉ One	43.6%
RTÉ Two	24.9%
RTÉ Radio 1	8.0%
RTÉ lyric fm	3.8%
RTÉ RnaG	6.6%
Support Provided to TG4	5.3%
Performing Groups	7.8%

**Operating costs**

During 2006 RTÉ faced substantial additional external cost pressures across a wide range of activities ranging from international sports rights through to the cost of compliance with national pay arrangements.

Additional revenues generated also facilitated a discretionary commitment by RTÉ to indigenous programming, and particularly to in-house programming which has increased at a lower level over the past three to four years than RTÉ's investment in third party commissioned programmes.

The key factors behind the growth in operating costs, before interest, tax, depreciation and amortisation, can be summarised as follows:

	€m
Indigenous programming	+19.7
Overseas acquired programming	+1.9
Broadcast related costs	+7.7
Sales costs	+1.0
Other factors	+2.7

Year-on-year increase	33.0
Operating costs 2005	347.5

Operating costs 2006	380.5
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Significant and renewed ongoing effort continues to be targeted in 2007 aimed at ensuring a continuous emphasis on, and delivery of, value for money through a range of cost control and other initiatives in pursuit of RTÉ's long-term corporate and strategic objectives.

Indigenous programming

The increase in indigenous programmes reflects a significant year for RTÉ Sport output, in particular the World Cup and the Ryder Cup, as well as extensive coverage of the GAA Championship, Six Nations Rugby, international soccer and horse racing.

Investment of increased advertising revenue generated during the year focused particularly on schedule improvements in the areas of factual and entertainment programming. News and Current Affairs programming cost increases reflected the coverage of major events of national importance and high quality investigative programming. Investment in Young People's programming on RTÉ Two was increased to address the younger audience.

The increase in indigenous programmes reflects a significant year for RTÉ Sport output, in particular the World Cup and the Ryder Cup, as well as extensive coverage of the GAA Championship, Six Nations Rugby, International Soccer and Horse Racing.

Financial Review (continued)

In November 2006, Revenue notified RTÉ that Television Licence Fee Income will be directly subject to corporation tax with effect from 1 January 2007.

Employee numbers

At 31 December 2006, excluding Seirbhís Theilifís na Gaeilge Teoranta (STnaG), there were 2,283 (2005: 2,239) employees of which 399 (2005: 402) were part-time/casual employees.

Group staff analysis at 31 Dec 05 (excl STnaG)

	2005	2006
Television	775	846
Radio	531	518
News & Current Affairs	331	327
Performing Groups	245	223
Network	70	74
Publishing	87	92
Corporate HQ & Central Shared Services	200	203

Net employment increased by 44 people (excl. STnaG) at year end due primarily to a combination of factors including:

- Increases in in-house TV output
- Provision of TV production facilities to third parties
- Additional technical resources required to support the introduction of new digital production and IT based technologies

Taxation

No liability to corporation tax arises on Group income, primarily because Television Licence Fee revenue up to 31 December 2006 has been exempt from corporation tax for all periods since 1962.

In November 2006, Revenue notified RTÉ that Television Licence Fee income will be directly subject to corporation tax with effect from 1 January 2007.

Revenue have also sought to change the availability of past losses carried forward arising on or before 31 December 2006, and historically used by RTÉ for off-set tax purposes. RTÉ has sought to challenge this approach.

If a successful outcome to these discussions is achieved, the Group had corporation tax losses forward at 31 December 2006 of €1.88 billion (31 December 2005: €1.71 billion).

TG4

Since the inception of TG4 the advertising revenues of STnaG, the RTÉ subsidiary that currently operates TG4, have been offset against its operational costs in the published financial statements of RTÉ. This treatment was believed to best reflect the temporary nature of RTÉ's responsibility for TG4 prior to the envisaged separation of TG4 from RTÉ.

In August 2006, the Government announced that a second Irish Public Service Broadcasting corporation would be formed to carry out the activities of TG4 with effect from April 2007.

Cash flow

Operating cash flow is used to fund RTÉ's day-to-day operating cash needs and also to enable RTÉ establish long-term reserves. These reserves are an essential prerequisite to enable RTÉ to plan for the substantial capital expenditure requirements in the years ahead.

RTÉ's cash flow generated from operations of €28.9m in 2006, represented an increase of €8.2m or 39.5% on the previous year.

Liquid funds held at 31 December 2006 of €81.3m compared with liabilities under the various restructuring schemes of €21.3m. At year-end 2006, 78% of the Group's cash and term deposits had a maturity of six months or less.

Capital Expenditure

RTÉ's total capital expenditure in 2006 was limited to €16.8m (2005: €15.1m).

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

The following long-term capital projects in particular will require very significant financial and other resources:

- Digital Terrestrial Television (DTT);
- Digital Evolution Integration Strategy DEIS);
- Digital Radio Transmission (DAB / DRM);
- Facilities Renewal.

Pensions

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

RTÉ Superannuation Scheme (DB)

As at 31 December 2006, RTÉ had 586 employees who were members of the RTÉ Superannuation Scheme. In addition, RTÉ continues to make contributions to this scheme for 115 former employees, who left RTÉ under various restructuring packages.

The RTÉ Superannuation Scheme is a defined benefit scheme with funds under management at 31 December 2006 of €1,037m, at market value. No new employees have been admitted to this scheme since July 1989.

At the request of the trustees, the actuaries to the scheme have carried out a long term actuarial funding valuation and reported a surplus of €46.9m as at 1 January 2007 (1 January 2006: €36.8m) using the attained age method to compute future service liabilities and adopting a 2% investment gap as a key financial assumption.

The scheme actuaries have separately prepared information in accordance with the methodology mandated by FRS 17 and have reported a surplus on this basis of €13.9m as at 31 December 2006 (31 December 2005: €3.3m).

The RTÉ Defined Contribution Pension Scheme (DC)

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

The principal DC scheme is the RTÉ Defined Contribution Pension Scheme which at 31 December 2006 had 1,222 employee members. Negotiations have been underway for some considerable time with employee representatives concerning the structure, funding and administration of this scheme and related pension service arrangements.

International financial reporting standards (IFRS)

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

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

Arrangements to comply with this commitment are in hand and it is intended that any impact of the IFRS presentation on the 2006 Group financial statements will be included within the 2007 financial statements.

Insurance

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

Legal proceedings

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

Looking ahead

Trading performance to date in early 2007 continues to be good, with commercial income maintaining last year's levels.

In 2007, the key financial priorities for RTÉ include:

- Planning for a number of significant long-term Capital Projects;
- Ongoing emphasis on the delivery of continuous improvement, value for money cost control projects;
- Protection and enhancement of revenue sources and volumes.

Trading performance to date in early 2007 continues to be good, with commercial income maintaining last year's levels.

Authority



Mary Finan (Chairman)

Mary was appointed to the Authority with effect from 21 February 2006. She was a founding partner and chief executive of Wilson Hartnell Public Relations and is now its non-executive Chairman. Currently the non-executive Chairman of the Economic and Social Research Institute and of the Gate Theatre, she is a non-executive director of Canada Life (Ireland), the ICS Building Society and Opera Ireland. She is also a member of the Council of the Docklands Development Authority (DDDA) and was the first woman president of the Dublin Chamber of Commerce.

Mary holds a B.A. from UCD and completed a marketing management programme at Harvard Business School. (Aged 62)



Emer Finnan

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

Emer is a fellow of the Institute of Chartered Accountants in Ireland and holds a B.Comm. (Aged 38)



Maria Killian

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

Maria is a graduate of UCD, with a B.A. and M.A. in Organisational Psychology. (Aged 36)



Patricia King

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

Patricia has previously served two terms as a member of the National Roads Authority. (Aged 51)



Dr. Ian Malcolm

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

He previously worked with a number of local and regional newspapers in the North and is still an active part-time journalist, writing a column in the daily newspaper *Lá* and commentating on Northern Ireland political affairs in the Irish language electronic media.

Ian also holds a First Class Honours degree in Celtic Studies from Queen's University Belfast. (Aged 43)



Paddy Marron

Paddy was appointed to the Authority with effect from 21 June 2005. He also served on the previous Authority that completed its term of office on 31 May 2005. He worked in the food industry for 33 years; firstly with Rowntree Mackintosh in Ireland and, for the ten years up to his retirement, as Chief Executive of Nestlé Ireland. He was Chairman of the Food and Drink Federation of IBEC for a number of years, as well as a member of the National Executive of IBEC. He is also a mentor in the Mentor Programme of Enterprise Ireland.

Paddy is a chartered accountant and holds a B.A. in Archaeology and Art History from UCD. (Aged 69)



Úna Ní Chonaire

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

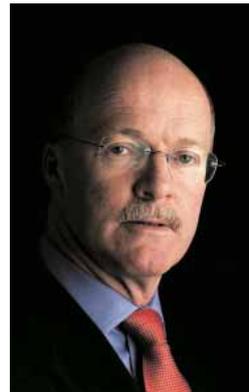
In her spare time, Úna helps children improve their Irish and plays camogie, gaelic football and rugby. (Aged 22)



Joe O'Brien

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

Before he joined RTÉ in 1979, Joe studied Journalism at the College of Commerce, Rathmines, Dublin and worked for newspapers in Navan and in his native Carlow. (Aged 51)



Stephen O'Byrnes

Stephen was appointed to the Authority with effect from 21 June 2005. He also served on the previous Authority that completed its term of office on 31 May 2005. A PR/Public Affairs consultant, Stephen is Executive Director of Media Relations & Public Affairs Consultants Ltd. During the period 1986 to 1995, he worked as Director of Policy and Press Relations for the Progressive Democrats Party and was Assistant Government Press Secretary from 1989 to 1992. Prior to that, he worked as a journalist for 15 years, with the *Irish Independent* and the Irish Press Group, holding various editorial and correspondent posts.

Stephen holds a B.A. in Modern Irish History from UCD. (Aged 57)

Authority Committees Remuneration and Management Development Committee

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

Audit Committee

There were 6 meetings held during the year.

	Meetings Attended
Paddy Marron, Chairman,	6
Emer Finnan,	6
Patricia King,	5

Programme Committee

There were 2 meetings held during the year.

	Meetings Attended
Maria Killian, Chairman	2
Úna Ní Chonaire	2
Ian Malcolm	2

Corporate Development Committee

There were 3 meetings held during the year.

	Meetings Attended
Mary Finan (Chairman)*	2
Joe O'Brien	3
Patricia King	3
Emer Finnan	3

* (one meeting was held prior to Ms Finan's appointment).

Legislation Committee

One meeting was held during the year. This meeting was attended by Mary Finan (Chairman), Emer Finnan, Patricia King, Joe O'Brien, Stephen O'Byrnes.

Authority Attendance

There were eight Authority meetings held in 2006 attended as follows:

Mary Finan*	7	Paddy Marron	6
Emer Finnan	8	Úna Ní Chonaire	8
Maria Killian	7	Joe O'Brien	8
Patricia King	7	Stephen O'Byrnes	8
Dr. Ian Malcolm	7		

*One Authority meeting was held prior to Ms. Finan's appointment.

Executive Board



Cathal Goan (Director-General)

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

A graduate of UCD, he joined RTÉ in 1979 and held a variety of posts in RTÉ Radio and RTÉ Television before being appointed Editor, Irish Language Programming in 1990. Appointed Ceannasaí of Teilifís na Gaeilge in 1994, he oversaw the establishment of the channel, Ireland's third national television service. In March 2000, he was appointed Director (and subsequently in 2003 Managing Director) of RTÉ Television and a member of the RTÉ Executive Board.



Conor Hayes (Chief Financial Officer)

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

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



Bride Rosney (Director of Communications)

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

A graduate in Science from UCD and Computer Practice from Trinity College Dublin, Bride joined RTÉ having previously worked as a teacher, school principal and latterly as a communications consultant in the spheres of new technologies and the arts. After over 20 years experience in education and educational research at both second and third levels, she was Special Adviser to Mary Robinson, in her capacity as President of Ireland and UNHCHR, for an eight-year period.



**Adrian Moynes
(Managing Director Radio)**

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

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



**Noel Curran
(Managing Director Television)**

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

A graduate in Communications from DCU, he held a variety of posts in the print media before joining RTÉ in 1992. He initially worked as a reporter, producer and editor in RTÉ Television and was later appointed as Editor of Current Affairs in the News and Current Affairs Division.



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

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

A graduate in Economics and Politics from Trinity College Dublin, he joined RTÉ in 1979 as a Radio Producer in Current Affairs. Subsequently, he was the Assistant Head of Features and Current Affairs in Radio and the Programme Editor of Television News, editing the *Six One* and *Nine O'Clock News* programmes, and was appointed Managing Editor in the Newsroom Division in 1994.

Corporate Governance

RTÉ Authority members are appointed to ensure that RTÉ is properly accountable to the Government, licence payers, viewers and listeners. In this role, RTÉ Authority members are committed to maintaining the highest standards of corporate governance.

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

As a statutory corporation established under the *Broadcasting Authority Act, 1960*, the provisions of the 2003 published *Combined Code on Corporate Governance* are not applicable to RTÉ. However, RTÉ on a voluntary basis does conform in so far as this is feasible with the *Combined Code* and has undertaken appropriate steps to achieve compliance with its principal requirements where relevant to RTÉ. The following exceptions from the code are applicable:

- The Authority is appointed by and its remuneration set by Government. Consequently, the requirements of the *Combined Code* relating to the appointment of Authority members (including the timing of their appointment, the composition of the Authority and the remuneration of Authority members) are not applicable to RTÉ;
- RTÉ is accountable to the Minister for Communications, Marine and Natural Resources and has no share capital. Accordingly, provisions relating to shareholder relations and the conduct of Annual General Meetings are also not applicable;
- The remuneration of the Director-General is set within a range determined by the Ministers for Finance and Communications, Marine and Natural Resources;
- The details of Authority members' remuneration on page 34 does not include amounts paid to Authority members in their capacity as employees or programme contributors, but does include amounts paid to them by way of fees for their services as Authority members;
- The Government has not appointed a Senior Independent Authority member; and
- As the Government is responsible for appointing Authority members, the Authority does not consider it appropriate to establish a formal policy in relation to performance evaluation of the Authority, its Committees or its individual members.

RTÉ Authority Composition

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

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

The relationship between RTÉ and the Department of Communications, Marine and Natural Resources (the then Department of Posts and Telegraphs) was formally established in 1960. The Chairman of the Authority and executive management meet regularly with Government to discuss operating and financial performance.

Authority procedures

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

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

Authority members have access to advice and the services of the RTÉ Group Secretary who is responsible for ensuring the Authority procedures are followed and that applicable rules and regulations are complied with. RTÉ's professional advisors are available for consultation with the Authority, as required. Individual Authority members may take independent professional advice and training, if necessary, at the expense of RTÉ.

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

There is a formal schedule of matters reserved to the Authority for consideration and decision, which covers key areas of RTÉ's business:

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

Certain other matters are delegated to Authority committees, as set-out below. The Authority papers sent to Authority members prior to each Authority meeting include the minutes of all committee meetings which have been held since the previous Authority meeting and the Chairman of each committee is available to report on the committee's proceedings at Authority meetings, if appropriate.

Authority Committees

The Authority has established three permanent committees to assist in the execution of its responsibilities. These are the Audit Committee, the Remuneration and Management Development Committee and the Programme Committee. Temporary committees are formed from time to time to deal with specific matters under defined terms of reference. Two such committees operated during 2006 – the Corporate Development Committee and the Legislation Committee.

The membership of each committee, together with details of attendance at meetings held in 2006 is set out on page 29.

The *Audit Committee* comprises three Authority members, all of whom are considered independent. Both Paddy Marron and Emer Finnán are chartered accountants and have recent relevant financial experience.

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

The role and responsibilities of the Audit Committee include:

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

The Audit Committee has put in place safeguards to ensure that the independence and objectivity of the external audit function is not compromised. These safeguards are reviewed at regular intervals. In addition, the external auditors, KPMG, have confirmed to the Audit Committee that they continue to operate procedures to safeguard against the possibility that their objectivity and independence could be compromised.

The level of non audit-related services provided by the external auditors and the associated fees is considered annually by the Audit Committee in the context of the external auditors' independence as part of the Audit Committee's review of the adequacy and objectivity of the external audit process. Details of the nature of non-audit services obtained from KPMG during the year and the related fees are set out in note 4 to the financial statements.

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

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

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

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

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

Details of the two temporary Authority committees operating during 2006 are outlined below.

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

The *Legislation Committee* comprises five Authority members, four of whom are considered independent and one of whom is an employee. The committee was formed during 2006 to review the Government's proposals for new Broadcasting legislation (the *General Scheme for a Broadcasting Bill*) and to participate in the eConsultation exercise undertaken by the Oireachtas Joint Committee on Communications, Marine and Natural Resources.

Independence of Members of the Authority

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

Having regard to the integrity, strength of character and objectivity of Authority members, all Authority members are considered independent under those criteria except for Joe O'Brien, who is an RTÉ employee. For this reason alone, he is not considered an independent member of the Authority as per the criteria of the *Combined Code*.

Corporate Governance (continued)

Internal control

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

The Authority confirms that an ongoing process for identifying, evaluating and managing RTÉ's significant risks has operated throughout the year and up to the date of approval of the financial statements. This process accords with the revised Turnbull Guidance (*Internal Control: Revised Guidance for Directors on the Combined Code*), issued in October 2005.

The key components of the system of internal control currently in place are:

- A clearly defined organisation structure, with formally defined authority limits and reporting mechanisms to higher levels of management and to the Authority;
- Established procedures to identify, control and report on key risks;
- Comprehensive budgeting systems, with annual financial budgets approved by the Authority;
- Timely monthly reporting, with actual results reported against budget and considered by the Authority on a monthly basis; and
- Comprehensive policies and procedures relating to operational and financial controls, including capital expenditure. Large capital projects require the approval of the Authority.

These controls are reviewed systematically by internal audit, on a risk based approach.

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

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

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

Going concern

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

Emoluments of Authority members¹

	2006 €'000	2005 €'000
Mary Finan ²	30	-
Fintan Drury ³	2	10
Emer Finnan ⁴	17	4
Maria Killian	17	7
Patricia King ⁵	17	7
Ian Malcolm ⁵	17	7
Paddy Marron	17	12
Úna Ní Chonaire ⁵	17	7
Joe O'Brien ^{4,6}	17	4
Stephen O'Byrnes ⁵	17	12
Payment to members of 14th Authority ⁷	-	38
	168	108

¹ All members of the Authority are non-executive.

² Appointed 21 February 2006.

³ Resigned with effect from 19 January 2006.

⁴ Appointed with effect from 14 September 2005.

⁵ In addition to their Authority fees, Stephen O'Byrnes, Patricia King, Úna Ní Chonaire and Ian Malcolm received immaterial amounts for programme contributions.

⁶ In addition to his Authority fees, Joe O'Brien was paid as an employee of RTÉ.

⁷ The term of office of the 14th Authority ended on 31 May 2005. The 15th Authority was appointed with effect from 21 June 2005. Payments during 2005 to members of the 14th Authority included €5,000 to each of Joe Barry, Anne Doyle, Des Geraghty, Maura Hayes, Gary Hynes and Mary Peters and €8,000 to Patrick J Wright in his capacity of Chairman.

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

Interests of Authority members in share capital

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

Emoluments of Director-General

	2006 €'000	2005 €'000
Cathal Goan		
- Basic salary	268	259
- Arrears of basic salary	-	13
- Performance related pay	44	42
- Pension contributions	22	22
- Other benefits	26	27
	360	363

Performance related pay in 2006 above was in respect of 2005 performance.

Pension benefits earned during the year and total accrued pension at 31 December 2006 were as follows:

	€'000
Increase in accrued pension during 2006 ¹	3
Transfer value of increase ²	65
Total accrued pension at year end ³	122

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

² The transfer value of the increase in accrued pension has been calculated on the basis of actuarial advice. This transfer value does not represent sums paid or due, but is the amount that the pension scheme would transfer to another pension scheme in relation to the benefits accrued in 2006 in the event of the member leaving service.

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

Authority Members' Report

The members of the RTÉ Authority present their report together with the audited Group financial statements for the year ended 31 December 2006.

Principal activities

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

Business review

Detailed reviews of the performance during 2006 are set out in the Operational Review on pages 7 to 23 and in the Financial Review on pages 24 to 27. These reviews encompass the principal risks and uncertainties faced by the Group and analysis of its key performance indicators, financial and non-financial. RTÉ's performance in meeting its annual commitments to its viewers and listeners, as set out in its *Statement of Commitments 2006*, are reviewed on pages 80 to 85.

Members of the Authority

The 15th Authority was appointed with effect from 21 June 2005. The names of the persons who served as members of the Authority during the year ended 31 December 2006 are set out on pages 28 and 29.

Corporate governance

RTÉ's corporate governance arrangements are set out in the Annual Report as follows:

- Corporate governance pages 32 to 34
- Authority members' profiles pages 28 to 29
- Statement of Authority members' responsibilities page 36

Books and records

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

Payment of accounts

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

Group companies

Information relating to subsidiary and associated undertakings is included in note 8 to the financial statements.

Political donations

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

On behalf of the Authority

Mary Finan
Chairman

22 March 2007

Paddy Marron
Authority Member
and Chairman of
the Audit Committee

Cathal Goan
Director-General

Statement of Authority Members' Responsibilities

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

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

The RTÉ and Group financial statements are required by law to give a true and fair view of the state of affairs of RTÉ and the Group and of the surplus or deficit for that period.

In preparing each of the RTÉ and Group financial statements, the RTÉ Authority members are required to:

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

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

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

On behalf of the Authority

Mary Finan
Chairman

22 March 2007

Paddy Marron
Authority Member
and Chairman of
the Audit Committee

Cathal Goan
Director-General

Independent Auditor's Report

As Auditors appointed by the Minister for Communications, Marine and Natural Resources with the consent of the Minister for Finance in accordance with Section 25 of the *Broadcasting Authority Act 1960*, we have audited the RTÉ and Group financial statements ('the financial statements') for the year ended 31 December 2006. These financial statements comprise the Group statement of income and expenditure, the RTÉ and Group balance sheets, the Group cash flow statement, the Group statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Minister for Communications, Marine and Natural Resources (the Minister). Our audit work has been undertaken so that we might state to the Minister those matters we are required to state to him in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than RTÉ and the Minister, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Authority and auditors

The Authority members' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and the Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the statement of Authority members' responsibilities on page 36.

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

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

We review, at the request of the Authority, whether the corporate governance statement on pages 32 to 34 reflects the Group's compliance with the provision of the *Code of Practice for the Governance of State Bodies* that is specified for review by auditors and we report if those statements do not in fact reflect the Group's compliance. We are not required to consider whether the Authority's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Authority Members' report, the Chairman's statement, the Director-General's review, operational review, financial review and corporate governance statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with generally accepted accounting practice in Ireland, of the state of affairs of RTÉ and the Group as at 31 December 2006 and of the Group's surplus and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with broadcasting legislation.

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

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

KPMG

Chartered Accountants
Registered Auditor
Dublin
22 March 2007

Statement of Accounting Policies

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

Basis of preparation

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

Basis of consolidation

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

Seirbhísí Theilifís na Gaeilge Teoranta

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

Seirbhísí Theilifís na Gaeilge Teoranta's capital expenditure is primarily funded by the Exchequer by way of capital grants (non-repayable Exchequer advances). These grant amounts are amortised on the same basis as the related assets are depreciated.

Seirbhísí Theilifís na Gaeilge Teoranta's direct operational costs, which comprise significant programming and administrative expenditure, net of advertising and other revenue, are part-funded by way of grants-in-aid received from the Exchequer. This expenditure has been offset, in the statement of income and expenditure, against the related grants-in-aid.

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

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

Revenue

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

Licence Fee revenue

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

Licence Fee revenue collected by An Post is recognised in the month in which the TV Licence is issued. Licence Fee revenue from DSFA is recognised when received.

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.

Network and facilities income

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

Circulation and events income

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

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

Content, merchandising and related income

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

Programme expenditure

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

Pension costs

The Group, through the RTÉ Superannuation Scheme, the RTÉ Defined Contribution Pension Scheme and other defined contribution schemes, makes pension contributions for a substantial number of employees.

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

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

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

Restructuring costs

The Group provides for the full cost of restructuring programmes, which may extend beyond the current year. Such amounts may include immediate staff reduction costs, including payments (lump sums) and future payment of a reduced salary until the persons involved qualify for pension entitlements, together with other relevant costs. The total cost to the Group is charged to the statement of income and expenditure in the year in which the restructuring programme is announced and commenced.

Taxation

Irish corporation tax payable is provided on taxable profits at current rates. The Group's Licence Fee revenue earned prior to 31 December 2006 is exempt from corporation tax.

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

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

Tangible fixed assets

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

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

Buildings	2.5% – 25%
Plant and equipment	7.5% – 20%
Fixtures and fittings	10% – 25%

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

Financial fixed assets

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

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

Provisions

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

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

Liquid resources

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

For the purposes of cash flow reporting, and in accordance with FRS 1 'Cash flow statements', all deposits classified as 'Cash at hand and at bank' in the balance sheet, with the exception of current accounts and demand deposits, are treated as 'Liquid resources' in the Group cash flow statement.

Leases

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

Foreign currency

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

Related party transactions

The Group has availed of the exemptions under FRS 8 'Related party disclosures' and therefore does not disclose transactions between Group undertakings.

Group Statement of Income and Expenditure

for the year ended 31 December 2006

	Notes	2006			2005		
			Incremental FRS 17 movement*	Total	Incremental FRS 17 movement*	Total	
		€'000	€'000	€'000	€'000	€'000	€'000
Revenue	1	405,021	-	405,021	369,888	-	369,888
Operating costs before interest, tax, depreciation and amortisation		(380,529)	(5,978)	(386,507)	(347,484)	(5,009)	(352,493)
Operating surplus before interest, tax, depreciation and amortisation		24,492	(5,978)	18,514	22,404	(5,009)	17,395
Depreciation and amortisation	4	(16,134)	-	(16,134)	(15,955)	-	(15,955)
		8,358	(5,978)	2,380	6,449	(5,009)	1,440
(Loss)/gain on disposal of tangible fixed assets		(152)	-	(152)	104	-	104
Gain on disposal of financial assets		-	-	-	505	-	505
Excess of insurance proceeds received by STnaG over related asset values	4	-	-	-	1,075	-	1,075
Surplus before interest and tax		8,206	(5,978)	2,228	8,133	(5,009)	3,124
Interest receivable and similar income	2	2,392	-	2,392	1,597	-	1,597
Interest payable and similar charges	3	(354)	-	(354)	(445)	-	(445)
Other finance income	2,13	-	14,485	14,485	-	12,185	12,185
Surplus on ordinary activities before taxation	4	10,244	8,507	18,751	9,285	7,176	16,461
Tax on surplus on ordinary activities	6	-	-	-	-	-	-
Surplus for the year		10,244	8,507	18,751	9,285	7,176	16,461

* See note 13.

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

On behalf of the Authority

Mary Finan
Chairman

Paddy Marron
Authority Member
and Chairman of
the Audit Committee

Cathal Goan
Director-General

Statement of Total Recognised Gains and Losses

for the year ended 31 December 2006

	Notes	Year ended 31 December 2006 €'000	Year ended 31 December 2005 €'000
Surplus for the year		18,751	16,461
Actuarial gain/(loss) on pension scheme assets	13	2,112	(7,140)
Total recognised gains and losses relating to the year		20,863	9,321

Movements in Income and Expenditure Account

for the year ended 31 December 2006

	Notes	Year ended 31 December 2006 €'000	Year ended 31 December 2005 €'000
Income & expenditure account at 1 January		95,547	86,226
Surplus for the year		18,751	16,461
Actuarial gain/(loss) on pension scheme assets	13	2,112	(7,140)
Income and expenditure account at 31 December		116,410	95,547

Group Balance Sheet

at 31 December 2006

	Notes	31 December 2006 €'000	31 December 2005 €'000
Fixed assets			
Tangible assets	7	90,123	91,690
Financial assets	8	-	-
		90,123	91,690
Current assets			
Debtors	9	69,111	62,402
Cash in hand and at bank		81,346	67,766
		150,457	130,168
Creditors: amounts falling due within one year	10	(104,175)	(89,200)
Net current assets		46,282	40,968
Total assets less current liabilities		136,405	132,658
Capital grants and grants-in-aid	11	(12,541)	(13,370)
Provision for liabilities	12	(21,326)	(26,994)
Net assets excluding pension asset		102,538	92,294
Pension asset	13	13,872	3,253
Net assets including pension asset		116,410	95,547
Reserves			
Income and expenditure account		116,410	95,547

On behalf of the Authority

Mary Finan
Chairman

Paddy Marron
Authority Member
and Chairman of
the Audit Committee

Cathal Goan
Director-General

Group Cash Flow Statement

for the year ended 31 December 2006

	Notes	31 December 2006 €'000	31 December 2005 €'000
Net cash inflow from operating activities	16 (a)	28,862	20,690
Payments under restructuring programmes	12	(6,022)	(7,040)
Returns on investments and servicing of finance	16 (b)	1,670	1,597
Capital expenditure and financial investment	16 (b)	(10,930)	(10,710)
		13,580	4,537
Management of liquid resources	16 (b)	(10,550)	(5,938)
Net increase/(decrease) in cash balances	16 (c)	3,030	(1,401)

On behalf of the Authority

Mary Finan
Chairman

Paddy Marron
Authority Member
and Chairman of
the Audit Committee

Cathal Goan
Director-General

RTÉ Balance Sheet

at 31 December 2006

	Notes	31 December 2006 €'000	31 December 2005 €'000
Fixed assets			
Tangible assets	7	53,903	56,997
Financial assets	8	51,355	51,355
		105,258	108,352
Current assets			
Debtors	9	54,764	50,598
Cash in hand and at bank		81,008	66,832
		135,772	117,430
Creditors: amounts falling due within one year	10	(151,683)	(133,542)
Net current liabilities		(15,911)	(16,112)
Total assets less current liabilities		89,347	92,240
Provision for liabilities	12	(21,326)	(26,994)
Net assets excluding pension asset		68,021	65,246
Pension asset	13	13,872	3,253
Net assets including pension asset		81,893	68,499
Reserves			
Income and expenditure account		81,893	68,499

On behalf of the Authority

Mary Finan
Chairman

Paddy Marron
Authority Member
and Chairman of
the Audit Committee

Cathal Goan
Director-General

Notes

forming part of the Group Financial Statements

1 Principal activities and segmental information

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

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

RTÉ's operations and management are organised into six Integrated Business Divisions (IBDs): Television, Radio, News and Current Affairs, Performing Groups, Publishing and Network, together with a Corporate HQ and Central Shared Services. Network IBD is entirely located within RTÉ's wholly owned and separately managed subsidiary company RTÉ Transmission Network Limited (see above). Corporate HQ consists of general administrative and other activities that arise at the entity level relating to the governance of RTÉ as a Public Service Broadcaster. Central Shared Services encompass activities which are carried out centrally on behalf of the IBDs. Only those costs relating to Central Shared Services activities, and therefore incurred centrally on behalf of the IBDs, are reported at IBD, channel or service level. The cost of the Corporate HQ, together with interest charged and interest received are not allocated to IBDs. As part of the ongoing process of developing and refining the information provided in the segment analysis a review was undertaken in 2006 of all activities classified as Corporate HQ. As a result a number of activities were identified which could be more appropriately considered as Central Shared Services. This analysis is reflected in the tables presented for 2006, and 2005 has been restated on a comparable basis.

A detailed list of RTÉ's activities, together with the IBD in which they are carried out and the legal entity in which they are reported, an appreciation of which are necessary to interpret this segmental information, is set out in note 8 to these financial statements.

Analysis of revenues, costs and surplus/(deficit) by IBD

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

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

For the purposes of the IBD segment analysis, (the schedules set out at 1(a)), the costs of the News and Current Affairs IBD are disclosed separately from Television and Radio.

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

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

Notes (continued)

1 Principal activities and segmental information (continued)

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

In the schedules set out at 1(b), costs and commercial revenues are reported within channels, services and broadcasting genres in a manner that is consistent with the same principles used to report IBD revenues and costs.

For the purposes of this channel, service and broadcasting genre segment analysis, News and Current Affairs IBD costs are fully allocated to the relevant Television and Radio channels on an appropriate usage basis and in accordance with consistently applied and objectively justified cost accounting principles. With the exception of the allocated costs of news output supplied to RTÉ 2fm, all of the costs of the News and Current Affairs IBD are covered by attributed Licence Fee revenue.

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

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

The funding of RTÉ Radio 1's costs comprises:

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

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

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

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

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

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

The schedules set out at 1(b) are ordered so that the costs and revenues associated with RTÉ's various public service and non-public service activities are clearly delineated and separated for reporting purposes. As indicated earlier in this report, because the cost to RTÉ of providing the full range of public service activities is substantially in excess of the amount of Licence Fee revenue, it is unavoidable that a considerable amount of RTÉ's public service activity is funded by commercial revenue rather than by public funding. Free, web based, on-line public services are currently financed entirely by commercial revenues generated from other activities within RTÉ Publishing IBD and therefore attract no attribution of Licence Fee revenue.

1 Principal activities and segmental information (continued)**Analysis of TG4 revenues, costs and surplus/(deficit)**

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

The costs included in the income and expenditure statement of STnaG, net of advertising and other commercial revenue, are primarily funded on a yearly basis by way of grants-in-aid received directly from the Exchequer and by way of the amortisation of grants-in-aid previously received. The support costs and charges provided to TG4 arising from within other parts of RTÉ, are funded by attribution of Licence Fee revenue, as referred to earlier.

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

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

Analysis of net assets by IBD

In 1(e) below, net assets by IBD are stated after the elimination of inter-company assets and liabilities and any inter-company profit resulting from internal transfers. Included in unallocated net liabilities are those fixed assets, net current assets and provisions, which cannot be attributed on a meaningful basis between IBDs, together with the net assets of the RTÉ subsidiary company, STnaG, which holds the assets associated with TG4.

Notes (continued)

1 Principal activities and segmental information (continued)

(a) Segment Information by IBD, in line with RTÉ's organisational structure, year ended 31 December 2006:

	Television IBD €'000	Radio IBD €'000	News & Current Affairs IBD €'000	Performing Groups IBD €'000	Network IBD €'000
Revenue					
Advertising income	139,638	39,519	-	1	-
Sponsorship income	7,051	1,480	-	239	-
Facilities income	2,025	238	-	324	-
Circulation and event income	-	-	-	1,671	-
Transmission, mast & towers income	-	-	-	-	25,753
Content, merchandising and related sales	5,427	1,619	-	54	-
Other commercial revenue	66	-	-	-	-
Commercial revenue	154,207	42,856	-	2,289	25,753
Licence Fee revenue attribution	91,798	24,922	51,885	14,230	-
	246,005	67,778	51,885	16,519	25,753
Costs by output category					
Programme costs – by source					
In-house productions	(97,990)	(54,005)	(54,363)	-	-
Statutory commissions	(30,044)	-	-	-	-
Non-statutory commissions	(40,481)	-	-	-	-
Indigenous programming	(168,515)	(54,005)	(54,363)	-	-
Acquired programmes – Ireland	(656)	-	-	-	-
Acquired programmes – overseas	(23,537)	(9)	-	-	-
	(192,708)	(54,014)	(54,363)	-	-
General broadcast & transmission costs	(24,989)	(1,759)	(104)	-	(20,392)
RTÉNL transmission and power charges	(6,272)	(6,152)	-	-	-
Sales costs	(7,249)	(2,571)	-	-	-
Other operating costs	(5,299)	(700)	-	(16,519)	-
	(236,517)	(65,196)	(54,467)	(16,519)	(20,392)
Unallocated revenues and costs					
Operating costs of STnaG, net of revenue	-	-	-	-	-
Gain on disposal of financial assets	-	-	-	-	-
Net interest receivable	-	-	-	-	-
Incremental FRS 17 movement	-	-	-	-	-
	-	-	-	-	-
NET SURPLUS / (DEFICIT)	9,488	2,582	(2,582)	-	5,361

Publishing IBD €'000	Corporate HQ €'000	Consolidation Adjustments €'000	Subtotal €'000	Incremental FRS 17 Movement €'000	Group Total €'000	
						Revenue
5,900	-	(1,098)	183,960	-	183,960	Advertising income
615	-	-	9,385	-	9,385	Sponsorship income
-	-	(558)	2,029	-	2,029	Facilities income
5,313	-	-	6,984	-	6,984	Circulation and event income
-	-	(15,694)	10,059	-	10,059	Transmission, mast & towers income
2,633	-	(30)	9,703	-	9,703	Content, merchandising and related sales
-	28	(28)	66	-	66	Other commercial revenue
14,461	28	(17,408)	222,186	-	222,186	Commercial revenue
-	-	-	182,835	-	182,835	Licence Fee revenue attribution
14,461	28	(17,408)	405,021	-	405,021	
						Costs by output category
						Programme costs – by source
-	-	173	(206,185)	-	(206,185)	In-house productions
-	-	-	(30,044)	-	(30,044)	Statutory commissions
-	-	-	(40,481)	-	(40,481)	Non-statutory commissions
-	-	173	(276,710)	-	(276,710)	Indigenous programming
-	-	-	(656)	-	(656)	Acquired programmes – Ireland
-	-	-	(23,546)	-	(23,546)	Acquired programmes – overseas
-	-	173	(300,912)	-	(300,912)	
-	-	2,912	(44,332)	-	(44,332)	General broadcast & transmission costs
-	-	12,424	-	-	-	RTÉNL transmission and power charges
(1,687)	-	964	(10,543)	-	(10,543)	Sales costs
(12,774)	(6,018)	403	(40,907)	-	(40,907)	Other operating costs
(14,461)	(6,018)	16,876	(396,694)	-	(396,694)	
						Unallocated revenues and costs
-	-	-	-	-	-	Operating costs of STnaG, net of revenue
-	-	-	-	-	-	Gain on disposal of financial assets
-	1,917	-	1,917	-	1,917	Net interest receivable
-	-	-	-	8,507	8,507	Incremental FRS 17 movement
-	1,917	-	1,917	8,507	10,424	
-	(4,073)	(532)	10,244	8,507	18,751	NET SURPLUS / (DEFICIT)

Notes (continued)

1 Principal activities and segmental information (continued)

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

	Television IBD €'000	Radio IBD €'000	News & Current Affairs IBD €'000	Performing Groups IBD €'000	Network IBD €'000
Revenue					
Advertising income	124,078	36,820	-	4	-
Sponsorship income	5,835	1,563	-	215	-
Facilities income	2,063	231	-	601	-
Circulation and event income	-	-	-	1,441	-
Transmission, mast & towers income	-	-	-	-	24,088
Content, merchandising and related sales	4,818	1,482	-	46	-
Other commercial revenue	41	-	-	-	-
Commercial revenue	136,835	40,096	-	2,307	24,088
Licence Fee revenue attribution	87,587	21,876	47,407	13,261	-
	224,422	61,972	47,407	15,568	24,088
Costs by output category					
Programme costs – by source					
In-house productions	(83,369)	(49,692)	(49,343)	-	-
Statutory commissions	(29,372)	-	-	-	-
Non-statutory commissions	(45,204)	-	(98)	-	-
Indigenous programming	(157,945)	(49,692)	(49,441)	-	-
Acquired programmes – Ireland	(504)	-	-	-	-
Acquired programmes – overseas	(21,661)	(3)	-	-	-
	(180,110)	(49,695)	(49,441)	-	-
General broadcast & transmission costs	(21,616)	(1,302)	(152)	-	(18,156)
RTÉNL transmission and power charges	(6,115)	(6,122)	-	-	-
Sales costs	(5,913)	(2,247)	-	-	-
Other operating costs	(4,665)	(518)	-	(15,568)	-
	(218,419)	(59,884)	(49,593)	(15,568)	(18,156)
Unallocated revenues and costs					
Operating costs of STnaG, net of revenue	-	-	-	-	-
Gain on disposal of financial assets	-	-	-	-	-
Net interest receivable	-	-	-	-	-
Incremental FRS 17 movement	-	-	-	-	-
	-	-	-	-	-
NET SURPLUS / (DEFICIT)	6,003	2,088	(2,186)	-	5,932

Publishing IBD €'000	Corporate HQ €'000	Consolidation Adjustments €'000	Subtotal €'000	Incremental FRS 17 Movement €'000	Group Total €'000	
						Revenue
5,172	-	(953)	165,121	-	165,121	Advertising income
522	-	(75)	8,060	-	8,060	Sponsorship income
-	-	(371)	2,524	-	2,524	Facilities income
5,277	-	-	6,718	-	6,718	Circulation and event income
-	-	(15,420)	8,668	-	8,668	Transmission, mast & towers income
2,301	-	(56)	8,591	-	8,591	Content, merchandising and related sales
34	28	(28)	75	-	75	Other commercial revenue
13,306	28	(16,903)	199,757	-	199,757	Commercial revenue
-	-	-	170,131	-	170,131	Licence Fee revenue attribution
13,306	28	(16,903)	369,888	-	369,888	
						Costs by output category
						Programme costs – by source
-	-	19	(182,385)	-	(182,385)	In-house productions
-	-	-	(29,372)	-	(29,372)	Statutory commissions
-	-	-	(45,302)	-	(45,302)	Non-statutory commissions
-	-	19	(257,059)	-	(257,059)	Indigenous programming
-	-	-	(504)	-	(504)	Acquired programmes – Ireland
-	-	-	(21,664)	-	(21,664)	Acquired programmes – overseas
-	-	19	(279,227)	-	(279,227)	
-	-	4,611	(36,615)	-	(36,615)	General broadcast & transmission costs
-	-	12,237	-	-	-	RTÉNL transmission and power charges
(1,553)	-	212	(9,501)	-	(9,501)	Sales costs
(11,692)	(4,696)	1,136	(36,003)	-	(36,003)	Other operating costs
(13,245)	(4,696)	18,215	(361,346)	-	(361,346)	
						Unallocated revenues and costs
-	-	(849)	(849)	-	(849)	Operating costs of STnaG, net of revenue
505	-	-	505	-	505	Gain on disposal of financial assets
-	1,087	-	1,087	-	1,087	Net interest receivable
-	-	-	-	7,176	7,176	Incremental FRS 17 movement
505	1,087	(849)	743	7,176	7,919	
566	(3,581)	463	9,285	7,176	16,461	NET SURPLUS / (DEFICIT)

Notes (continued)

1 Principal activities and segmental information (continued)

(b) Analysis of revenues, costs and surplus/(deficit) by channel, service and broadcasting genre and between public service and non-public service activities, year ended 31 December 2006:

	RTÉ One	RTÉ Two	RTÉ Radio 1	RTÉ 2fm	RTÉ lyric fm	RTÉ RnaG	TG4 Support
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
PUBLIC SERVICE ACTIVITIES							
Indigenous programme costs							
In-house production	(79,341)	(53,633)	(35,860)	(12,155)	(6,356)	(10,957)	(8,056)
Statutory commissions	(25,887)	(4,157)	-	-	-	-	-
Non-statutory commissions	(23,300)	(15,513)	-	-	-	-	(1,668)
	(128,528)	(73,303)	(35,860)	(12,155)	(6,356)	(10,957)	(9,724)
Programme costs – by genre:							
Arts	(1,016)	-	(2,840)	-	(350)	(1)	-
Education	(344)	-	(55)	(190)	(70)	-	-
Religious	(3,437)	-	(328)	-	-	(77)	-
Other factual	(32,547)	(2,576)	(2,837)	-	(174)	(2,432)	(1,348)
Factual	(37,344)	(2,576)	(6,060)	(190)	(594)	(2,510)	(1,348)
Drama	(27,751)	(8,687)	(891)	-	-	(102)	(381)
Entertainment	(25,109)	(5,812)	(2,423)	(805)	(153)	(235)	(1,767)
Music	(1,826)	(1,393)	(6,791)	(6,642)	(5,249)	(1,520)	-
News, Current Affairs and Weather	(35,063)	(2,757)	(16,057)	(4,256)	(311)	(4,796)	(5,286)
Sport	(1,435)	(39,838)	(3,412)	(262)	-	(1,158)	(4)
Young peoples	-	(12,240)	(226)	-	(49)	(636)	(938)
Indigenous programming	(128,528)	(73,303)	(35,860)	(12,155)	(6,356)	(10,957)	(9,724)
Indigenous non-broadcast output costs							
	-	-	-	-	-	-	-
	(128,528)	(73,303)	(35,860)	(12,155)	(6,356)	(10,957)	(9,724)
Public funding							
Licence Fee revenue attribution	79,712	45,460	14,692	-	7,020	11,979	9,742
	(48,816)	(27,843)	(21,168)	(12,155)	664	1,022	18
Other public service activity costs by output category							
Acquired programmes							
- Ireland	(377)	(279)	-	-	-	-	-
- overseas	(12,720)	(10,817)	-	-	(9)	-	-
General broadcast and transmission costs	(12,696)	(12,353)	(884)	(510)	(311)	(82)	(18)
RTÉNL transmission and power charges	(3,136)	(3,136)	(3,355)	(926)	(931)	(940)	-
	(28,929)	(26,585)	(4,239)	(1,436)	(1,251)	(1,022)	(18)
Net deficit in STnaG							
	-	-	-	-	-	-	-
Unallocated revenues and costs							
Net gain on disposal of financial assets	-	-	-	-	-	-	-
Net interest receivable	-	-	-	-	-	-	-
Incremental FRS 17 movement	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Deficit on public service activities	(77,745)	(54,428)	(25,407)	(13,591)	(587)	-	-

Performing Groups	Corporate HQ	On Line Services	Other	Consolidation Adjustments	Subtotal	Incremental FRS 17 Movement	Group Total	
€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	
								PUBLIC SERVICE ACTIVITIES
								Indigenous programme costs
-	-	-	-	173	(206,185)	-	(206,185)	In-house production
-	-	-	-	-	(30,044)	-	(30,044)	Statutory commissions
-	-	-	-	-	(40,481)	-	(40,481)	Non-statutory commissions
-	-	-	-	173	(276,710)	-	(276,710)	
								Programme costs – by genre:
-	-	-	-	1	(4,206)	-	(4,206)	Arts
-	-	-	-	-	(659)	-	(659)	Education
-	-	-	-	-	(3,842)	-	(3,842)	Religious
-	-	-	-	1	(41,913)	-	(41,913)	Other factual
-	-	-	-	2	(50,620)	-	(50,620)	Factual
-	-	-	-	-	(37,812)	-	(37,812)	Drama
-	-	-	-	35	(36,269)	-	(36,269)	Entertainment
-	-	-	-	14	(23,407)	-	(23,407)	Music
-	-	-	-	1	(68,525)	-	(68,525)	News, Current Affairs and Weather
-	-	-	-	121	(45,988)	-	(45,988)	Sport
-	-	-	-	-	(14,089)	-	(14,089)	Young peoples
-	-	-	-	173	(276,710)	-	(276,710)	Indigenous programming
								Indigenous non-broadcast output costs
(16,519)	(6,018)	(2,931)	-	-	(25,468)	-	(25,468)	
(16,519)	(6,018)	(2,931)	-	173	(302,178)	-	(302,178)	
								Public funding
14,230	-	-	-	-	182,835	-	182,835	Licence Fee revenue attribution
(2,289)	(6,018)	(2,931)	-	173	(119,343)	-	(119,343)	
								Other public service activity costs by output category
								Acquired programmes
-	-	-	-	-	(656)	-	(656)	- Ireland
-	-	-	-	-	(23,546)	-	(23,546)	- overseas
-	-	-	-	-	(26,854)	-	(26,854)	General broadcast and transmission costs
-	-	-	-	-	(12,424)	-	(12,424)	RTÉNL transmission and power charges
-	-	-	-	-	(63,480)	-	(63,480)	
-	-	-	-	-	-	-	-	Net deficit in STnaG
								Unallocated revenues and costs
-	-	-	-	-	-	-	-	Net gain on disposal of financial assets
-	1,917	-	-	-	1,917	-	1,917	Net interest receivable
-	-	-	-	-	-	8,507	8,507	Incremental FRS 17 movement
-	1,917	-	-	-	1,917	8,507	10,424	
(2,289)	(4,101)	(2,931)	-	173	(180,906)	8,507	(172,399)	Deficit on public service activities

Notes (continued)

1 Principal activities and segmental information (continued)

(b) Analysis of revenues, costs and surplus/(deficit) by channel, service and broadcasting genre and between public service and non-public service activities, year ended 31 December 2006:

	RTÉ One	RTÉ Two	RTÉ Radio 1	RTÉ 2fm	RTÉ lyric fm	RTÉ RnaG	TG4 Support
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
NON-PUBLIC SERVICE ACTIVITIES							
Commercial revenue	98,306	48,453	21,392	20,103	618	-	-
Non-public service operating costs							
General broadcast and transmission costs	-	-	-	-	-	-	-
RTÉNL transmission and power charges	-	-	-	-	-	-	-
Sales costs	(5,072)	(2,177)	(1,400)	(1,140)	(31)	-	-
Other operating costs	-	-	-	(186)	-	-	-
	(5,072)	(2,177)	(1,400)	(1,326)	(31)	-	-
Contribution from non-public service activities	93,234	46,276	19,992	18,777	587	-	-
NET SURPLUS / (DEFICIT)	15,489	(8,152)	(5,415)	5,186	-	-	-

Performing Groups €'000	Corporate HQ €'000	On Line Services €'000	Other €'000	Consolidation Adjustments €'000	Subtotal €'000	Incremental FRS 17 Movement €'000	Group Total €'000	
2,289	28	1,150	47,254	(17,407)	222,186	-	222,186	NON-PUBLIC SERVICE ACTIVITIES
								Commercial revenue
								Non-public service operating costs
-	-	-	(20,390)	2,912	(17,478)	-	(17,478)	General broadcast and transmission costs
-	-	-	-	12,424	12,424	-	12,424	RTÉNL transmission and power charges
-	-	(298)	(1,389)	964	(10,543)	-	(10,543)	Sales costs
-	-	-	(15,656)	403	(15,439)	-	(15,439)	Other operating costs
-	-	(298)	(37,435)	16,703	(31,036)	-	(31,036)	
2,289	28	852	9,819	(704)	191,150	-	191,150	Contribution from non-public service activities
-	(4,073)	(2,079)	9,819	(531)	10,244	8,507	18,751	NET SURPLUS / (DEFICIT)

Notes (continued)

1 Principal activities and segmental information (continued)

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

	RTÉ One	RTÉ Two	RTÉ Radio 1	RTÉ 2fm	RTÉ lyric fm	RTÉ RnaG	TG4 Support
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
PUBLIC SERVICE ACTIVITIES							
Indigenous programme costs							
In-house production	(72,572)	(42,594)	(32,860)	(11,133)	(5,862)	(10,038)	(7,345)
Statutory commissions	(24,483)	(4,889)	-	-	-	-	-
Non-statutory commissions	(29,162)	(14,835)	-	-	-	-	(1,305)
	(126,217)	(62,318)	(32,860)	(11,133)	(5,862)	(10,038)	(8,650)
Programme costs – by genre:							
Arts	(949)	-	(2,570)	-	(291)	-	-
Education	(981)	(163)	(24)	(39)	(80)	-	-
Religious	(3,229)	(154)	(280)	-	-	(72)	-
Other factual	(28,867)	(2,375)	(2,686)	-	(237)	(2,200)	(802)
Factual	(34,026)	(2,692)	(5,560)	(39)	(608)	(2,272)	(802)
Drama	(36,999)	(6,081)	(813)	-	-	(61)	(381)
Entertainment	(19,758)	(6,442)	(910)	(323)	(104)	(208)	(1,739)
Music	(918)	(1,891)	(7,234)	(6,896)	(4,788)	(1,415)	-
News, Current Affairs and Weather	(32,486)	(2,638)	(15,018)	(3,730)	(328)	(4,503)	(4,885)
Sport	(2,030)	(31,723)	(2,934)	(145)	-	(1,036)	(3)
Young peoples	-	(10,851)	(391)	-	(34)	(543)	(840)
Indigenous programming	(126,217)	(62,318)	(32,860)	(11,133)	(5,862)	(10,038)	(8,650)
Indigenous non-broadcast output costs							
	-	-	-	-	-	-	-
	(126,217)	(62,318)	(32,860)	(11,133)	(5,862)	(10,038)	(8,650)
Public funding							
Licence Fee revenue attribution	78,582	38,799	12,473	-	6,407	11,038	9,571
	(47,635)	(23,519)	(20,387)	(11,133)	545	1,000	921
Other public service activity costs by output category							
Acquired programmes							
- Ireland	(360)	(144)	-	-	-	-	-
- overseas	(11,601)	(10,060)	-	-	(3)	-	-
General broadcast and transmission costs	(11,389)	(10,279)	(681)	(397)	(160)	(92)	(72)
RTÉNL transmission and power charges	(3,063)	(3,053)	(3,418)	(895)	(900)	(908)	-
	(26,413)	(23,536)	(4,099)	(1,292)	(1,063)	(1,000)	(72)
Net deficit in STnaG	-	-	-	-	-	-	(849)
Unallocated revenues and costs							
Net gain on disposal of financial assets	-	-	-	-	-	-	-
Net interest receivable	-	-	-	-	-	-	-
Incremental FRS 17 movement	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Deficit on public service activities	(74,048)	(47,055)	(24,486)	(12,425)	(518)	-	-

Performing Groups €'000	Corporate HQ €'000	On Line Services €'000	Other €'000	Consolidation Adjustments €'000	Subtotal €'000	Incremental FRS 17 Movement €'000	Group Total €'000	
								PUBLIC SERVICE ACTIVITIES
								Indigenous programme costs
-	-	-	-	19	(182,385)	-	(182,385)	In-house production
-	-	-	-	-	(29,372)	-	(29,372)	Statutory commissions
-	-	-	-	-	(45,302)	-	(45,302)	Non-statutory commissions
-	-	-	-	19	(257,059)	-	(257,059)	
								Programme costs – by genre:
-	-	-	-	-	(3,810)	-	(3,810)	Arts
-	-	-	-	-	(1,287)	-	(1,287)	Education
-	-	-	-	-	(3,735)	-	(3,735)	Religious
-	-	-	-	1	(37,166)	-	(37,166)	Other factual
-	-	-	-	1	(45,998)	-	(45,998)	Factual
-	-	-	-	1	(44,334)	-	(44,334)	Drama
-	-	-	-	-	(29,484)	-	(29,484)	Entertainment
-	-	-	-	-	(23,142)	-	(23,142)	Music
-	-	-	-	3	(63,585)	-	(63,585)	News, Current Affairs and Weather
-	-	-	-	14	(37,857)	-	(37,857)	Sport
-	-	-	-	-	(12,659)	-	(12,659)	Young peoples
-	-	-	-	19	(257,059)	-	(257,059)	Indigenous programming
								Indigenous non-broadcast output costs
(15,568)	(4,696)	(2,476)	-	-	(22,740)	-	(22,740)	
(15,568)	(4,696)	(2,476)	-	19	(279,799)	-	(279,799)	
								Public funding
13,261	-	-	-	-	170,131	-	170,131	Licence Fee revenue attribution
(2,307)	(4,696)	(2,476)	-	19	(109,668)	-	(109,668)	
								Other public service activity costs by output category
								Acquired programmes
-	-	-	-	-	(504)	-	(504)	- Ireland
-	-	-	-	-	(21,664)	-	(21,664)	- overseas
-	-	-	-	-	(23,070)	-	(23,070)	General broadcast and transmission costs
-	-	-	-	-	(12,237)	-	(12,237)	RTÉNL transmission and power charges
-	-	-	-	-	(57,475)	-	(57,475)	
-	-	-	-	-	(849)	-	(849)	Net deficit in STnaG
								Unallocated revenues and costs
-	-	-	505	-	505	-	505	Net gain on disposal of financial assets
-	1,087	-	-	-	1,087	-	1,087	Net interest receivable
-	-	-	-	-	-	7,176	7,176	Incremental FRS 17 movement
-	1,087	-	505	-	1,592	7,176	8,768	
(2,307)	(3,609)	(2,476)	505	19	(166,400)	7,176	(159,224)	Deficit on public service activities

Notes (continued)

1 Principal activities and segmental information (continued)

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

	RTÉ One €'000	RTÉ Two €'000	RTÉ Radio 1 €'000	RTÉ 2fm €'000	RTÉ lyric fm €'000	RTÉ RnaG €'000	TG4 Support €'000
NON-PUBLIC SERVICE ACTIVITIES							
Commercial revenue	90,472	39,481	19,760	19,522	545	-	-
Non-public service operating costs							
General broadcast and transmission costs	-	-	-	-	-	-	-
RTÉNL transmission and power charges	-	-	-	-	-	-	-
Sales costs	(4,142)	(1,771)	(1,205)	(1,015)	(27)	-	-
Other operating costs	-	-	-	(226)	-	-	-
	(4,142)	(1,771)	(1,205)	(1,241)	(27)	-	-
Contribution from non-public service activities	86,330	37,710	18,555	18,281	518	-	-
NET SURPLUS / (DEFICIT)	12,282	(9,345)	(5,931)	5,856	-	-	-

Performing Groups €'000	Corporate HQ €'000	On Line Services €'000	Other €'000	Consolidation Adjustments €'000	Subtotal €'000	Incremental FRS 17 Movement €'000	Group Total €'000	
2,307	28	703	43,842	(16,903)	199,757	-	199,757	NON-PUBLIC SERVICE ACTIVITIES
								Commercial revenue
								Non-public service operating costs
-	-	-	(18,156)	4,611	(13,545)	-	(13,545)	General broadcast and transmission costs
-	-	-	-	12,237	12,237	-	12,237	RTÉNL transmission and power charges
-	-	(236)	(1,317)	212	(9,501)	-	(9,501)	Sales costs
-	-	-	(14,173)	1,136	(13,263)	-	(13,263)	Other operating costs
-	-	(236)	(33,646)	18,196	(24,072)	-	(24,072)	
2,307	28	467	10,196	1,293	175,685	-	175,685	Contribution from non-public service activities
-	(3,581)	(2,009)	10,701	1,312	9,285	7,176	16,461	NET SURPLUS / (DEFICIT)

Notes (continued)

1 Principal activities and segmental information (continued)

(c) Segment Information - TG4

	2006			2005		
	STnaG €'000	RTÉ Support €'000	Total €'000	STnaG €'000	RTÉ Support €'000	Total €'000
Revenue						
Advertising income	3,218	-	3,218	3,277	-	3,277
Sponsorship income	151	-	151	290	-	290
Content, merchandising and related sales	126	-	126	179	-	179
Commercial revenue	3,495	-	3,495	3,746	-	3,746
Grant-in-aid	28,632	-	28,632	23,989	-	23,989
Licence Fee revenue attribution	-	9,742	9,742	-	9,571	9,571
	32,127	9,742	41,869	27,735	9,571	37,306
Programme costs – by genre						
Arts	(299)	-	(299)	(308)	-	(308)
Education	-	-	-	-	-	-
Other factual	(2,903)	(1,348)	(4,251)	(2,907)	(802)	(3,709)
Factual	(3,202)	(1,348)	(4,550)	(3,215)	(802)	(4,017)
Drama	(6,202)	(381)	(6,583)	(4,967)	(381)	(5,348)
Entertainment	(1,651)	(1,767)	(3,418)	(1,744)	(1,739)	(3,483)
Music	(1,411)	-	(1,411)	(948)	-	(948)
News, Current Affairs and Weather	(206)	(5,286)	(5,492)	(281)	(4,885)	(5,166)
Sport	(3,973)	(4)	(3,977)	(3,321)	(3)	(3,324)
Young peoples	(4,107)	(938)	(5,045)	(2,068)	(840)	(2,908)
Indigenous programming	(20,752)	(9,724)	(30,476)	(16,544)	(8,650)	(25,194)
Acquired programmes – overseas	(2,271)	-	(2,271)	(2,357)	-	(2,357)
	(23,023)	(9,724)	(32,747)	(18,901)	(8,650)	(27,551)
Programme costs – by source:						
In-house production	(369)	(8,056)	(8,425)	(207)	(7,345)	(7,552)
Non-statutory commissions	(20,383)	(1,668)	(22,051)	(16,337)	(1,305)	(17,642)
Indigenous programming	(20,752)	(9,724)	(30,476)	(16,544)	(8,650)	(25,194)
Acquired programmes – overseas	(2,271)	-	(2,271)	(2,357)	-	(2,357)
	(23,023)	(9,724)	(32,747)	(18,901)	(8,650)	(27,551)
General broadcast and transmission costs	(5,647)	(18)	(5,665)	(6,404)	(72)	(6,476)
RTÉNL transmission and power charges	(3,269)	-	(3,269)	(3,183)	-	(3,183)
Sales costs	(43)	-	(43)	(96)	-	(96)
	(31,982)	(9,742)	(41,724)	(28,584)	(8,722)	(37,306)
NET SURPLUS / (DEFICIT)	145	-	145	(849)	849	-

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

	2006 €'000	2005 €'000
Analysis of network charges to all RTÉ Services (including TG4)		
RTÉ One	3,136	3,063
RTÉ Two	3,136	3,052
RTÉ Radio 1	3,355	3,419
RTÉ 2fm	926	895
RTÉ lyric fm	931	900
RTÉ Raidió na Gaeltachta	940	908
RTÉ support provided to TG4 and Seirbhísí Theilifís na Gaeilge Teoranta	3,269	3,183
	15,693	15,420

(e) Segmental Net Assets

	2006 €'000	2005 €'000
Television IBD	31,421	30,542
Radio IBD	14,180	14,595
News and Current Affairs IBD	1,152	1,363
Network IBD	19,271	20,610
Publishing IBD	2,593	1,555
Performing Groups IBD	(708)	(424)
Unallocated net assets	48,501	27,306
Net assets	116,410	95,547

2 Interest receivable and similar income

	2006 €'000	2005 €'000
Interest on bank deposits	2,392	1,597

Other finance income of €14,485,000 (2005: €12,185,000) represents the excess of the expected return on pension scheme assets over the interest on pension scheme liabilities (note 13).

3 Interest payable and similar charges

	2006 €'000	2005 €'000
Other finance costs (note 12)	354	445

Notes (continued)

4 Surplus on ordinary activities before taxation

The surplus on ordinary activities before taxation includes the following amounts:

	2006 €'000	2005 €'000
Depreciation and amortisation		
- depreciation on continuing operations	18,174	16,644
- amortisation of capital grants (STnaG) (note 11 (a))	(2,040)	(689)
	16,134	15,955
Amortisation of pre-paid grants-in-aid credited in net operating costs (note 11(b))	(936)	(1,472)
Auditors' remuneration, including expenses		
- audit fees	135	117
- other audit services	47	41
- non audit work	342	457
Operating lease rentals, principally vehicles	374	347

During 2005, a lightning strike extensively damaged equipment at STnaG. The excess of the insurance proceeds received over the related asset values amounted to €1,075,000.

The remuneration of Authority members and the Director-General are set out on page 34.

In the separate accounts of RTÉ, the surplus for the year amounted to €11,282,000 (2005: €6,610,000).

5 Employee information

Group staff costs during the year amounted to:	2006 €'000	2005 €'000
Wages and salaries	130,466	114,547
Social welfare costs	8,727	7,764
Pension costs and life assurance	15,040	13,217
	154,233	135,528

The above figures do not include the direct employee costs of Seirbhísí Theilifís na Gaeilge Teoranta (STnaG), in the amount of €4,487,000 (2005: €4,248,000), which were funded by grants-in-aid received from the Exchequer.

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	
	2006	2005 ¹	2006	2005
RTÉ Group (excluding STnaG)	2,283	2,239	2,061	2,005
Seirbhísí Theilifís na Gaeilge Teoranta	109	107	107	106
	2,392	2,346	2,168	2,111

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

	2006	2005 ¹
RTÉ Group (excluding STnaG)	2,239	2,176
Seirbhísí Theilifís na Gaeilge Teoranta	107	106
	2,346	2,282

¹ The basis of calculating the number of casual employees to be included in the Group employee numbers was modified in 2006. The 2005 staff numbers have been restated on a comparable basis.

6 Tax on surplus on ordinary activities

	2006 €'000	2005 €'000
Republic of Ireland corporation tax on surplus on ordinary activities	-	-
Current tax charge for the year	-	-

No liability to corporation tax arises on Group income, principally because Licence Fee revenue up to 31 December 2006 was exempt from taxation. In November 2006, Revenue notified RTÉ that Television Licence Fee Income will be directly subject to corporation tax with effect from 1 January 2007. Revenue have also sought to change the availability of past losses carried forward arising on or before 31 December 2006, and historically used by RTÉ for off-set tax purposes. RTÉ has sought to challenge this approach. If a successful outcome to these discussions is achieved, the Group had corporation tax losses forward at 31 December 2006 of €1.88 billion (31 December 2005: €1.71 billion). No deferred tax assets or liabilities have been recognised.

Notes (continued)

6 Tax on surplus on ordinary activities (continued)

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

	2006 €'000	2005 €'000
Surplus on ordinary activities before tax	18,751	16,461
Surplus on ordinary activities before tax multiplied by the standard rate of corporation tax in Ireland of 12.5% (2005: 12.5%)	2,344	2,058
Effects of:		
Exempt Licence Fee revenue	(22,855)	(21,266)
Income taxable at a higher rate of tax	299	186
Utilisation of trading losses arising from exempt Licence Fee revenue	(1,661)	(730)
Other differences, including corporation tax losses arising in the year	21,873	19,752
	-	-

7 Tangible fixed assets

Group

	Land and buildings €'000	Plant and equipment €'000	Fixtures and fittings €'000	Capital projects in progress €'000	Total €'000
Cost					
At beginning of year	60,013	151,056	3,159	9,165	223,393
Additions	67	1,227	27	15,499	16,820
Reclassifications	1,065	14,347	146	(15,558)	-
Disposals and retirements	(65)	(2,297)	(3)	-	(2,365)
At end of year	61,080	164,333	3,329	9,106	237,848
Accumulated depreciation					
At beginning of year	24,847	105,023	1,833	-	131,703
Charge for the year	3,305	14,560	309	-	18,174
Disposals and retirements	(58)	(2,091)	(3)	-	(2,152)
At end of year	28,094	117,492	2,139	-	147,725
Net book value					
At 31 December 2005	35,166	46,033	1,326	9,165	91,690
At 31 December 2006	32,986	46,841	1,190	9,106	90,123

Included above are fixed assets with a net book value of €9,501,000 (2005: €9,725,000) in respect of Seirbhísi Theilifís na Gaeilge Teoranta.

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

	Land and buildings €'000	Plant and equipment €'000	Fixtures and fittings €'000	Capital projects in progress €'000	Total €'000
Cost					
At beginning of year	46,244	75,404	2,046	7,522	131,216
Additions	-	-	-	9,090	9,090
Reclassifications	909	8,786	139	(9,834)	-
Disposals and retirements	-	(246)	(2)	-	(248)
At end of year	47,153	83,944	2,183	6,778	140,058
Accumulated depreciation					
At beginning of year	20,862	52,448	909	-	74,219
Charge for the year	2,957	8,968	256	-	12,181
Disposals and retirements	-	(243)	(2)	-	(245)
At end of year	23,819	61,173	1,163	-	86,155
Net book value					
At 31 December 2005	25,382	22,956	1,137	7,522	56,997
At 31 December 2006	23,334	22,771	1,020	6,778	53,903

8 Financial assets

RTÉ had the following subsidiaries, related companies and other investments at 31 December 2006:

Subsidiary companies	Share capital held	Class of business
RTÉ Commercial Enterprises Limited	100%	Publications and other commercial activities
RTÉ Music Limited	100%	Music publishing
Seirbhísí Theilifís na Gaeilge Teoranta	100%	Operation of TG4
RTÉ Transmission Network Limited	100%	Management of transmission network assets
RTÉ Licence Collections Limited	100%	Management of TV Licence collections
DTT Network Company	100%	Dormant

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

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

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

Notes (continued)

8 Financial assets (continued)

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

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

Tara Television Limited and Telegael Teoranta have their registered offices at 4 Windmill Lane, Dublin 2 and Spiddal, Galway, respectively. The turnover, operating results and net assets of these companies at 31 December 2006 are not considered material to the Group.

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

	RTÉ	RTÉ Commercial Enterprises Limited	RTÉ Music Limited	Seirbhísí Theilifís na Gaeilge Teoranta	RTÉ Transmission Network Limited
RTÉ TELEVISION IBD					
Free-to-air broadcast of public service television schedules / channels	•				
Commissioning and production of indigenous television programmes	•				
Statutory commissioning of programme content from independent EU producers	•				
Acquisition of domestic / non-domestic television programmes	•				
Statutory provision of non-news and current affairs programming to TG4	•				
Television advertising and sponsorship sales	•				
Hire of television production facilities to third parties	•				
Provision of broadcast circuits and technical facilities to third parties	•				
Maintenance of Television channel archives and news library	•				
Administration of RTÉ Television IBD	•				
Programme merchandising sales		•			
Sale of library and archive material		•			
Sale of programme listings		•			
Television programme sales		•			
IVR/SMS telecoms revenue share		•			
Studio production of television advertisements for third parties		•			
Non-broadcasting advertising revenue share		•			
RTÉ RADIO IBD					
Free-to-air broadcast of public service radio schedules / channels	•				
Commissioning and production of indigenous radio programmes	•				
Acquisition of domestic / non-domestic radio programmes	•				
Radio advertising and sponsorship sales	•				
Maintenance of Radio channel archive & library	•				
Administration of RTÉ Radio IBD	•				
Hire of Radio production facilities to third parties		•			
Programme merchandising sales		•			
Library and listing sales		•			
IVR/SMS Telecoms revenue share		•			
Roadcaster mobile studio and sponsorship sales		•			
Studio production of radio advertisements		•			

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

	RTÉ	RTÉ Commercial Enterprises Limited	RTÉ Music Limited	Seirbhísi Theilifis na Gaeilge Teoranta	RTÉ Transmission Network Limited
RTÉ NEWS AND CURRENT AFFAIRS IBD					
Provision of a national and international news gathering service	•				
Production and coverage of television & radio news bulletins, events and programmes	•				
Commissioning and production of current affairs programmes	•				
Statutory provision of news and current affairs programming to TG4	•				
Administration of RTÉ News and Current Affairs IBD	•				
RTÉ PERFORMING GROUPS IBD					
Orchestral and choir performances	•				
Commission, production, performance & recording of orchestral and choir music	•				
Hire of Symphony and Concert Orchestras	•				
Administration of RTÉ Performing Groups IBD	•				
RTÉ NETWORK IBD					
Provision of national analogue radio and television broadcast transmission services					•
Hire of ancillary mast and tower facilities					•
Administration of RTÉ Network IBD					•
RTÉ PUBLISHING IBD					
Sale of music copyright			•		
Origination and re-purposing of news and other broadcast material in digital format		•			
Provision of <i>AerteI</i> teletext services		•			
Provision of on-line web services		•			
Sale of on-line banner advertising & sponsorship		•			
Sale of teletext advertising and sponsorship		•			
IVR/SMS revenue		•			
Production and publication of the <i>RTÉ Guide</i> magazine		•			
<i>RTÉ Guide</i> advertising sales		•			
Incubation and development of new media technologies		•			
Administration of RTÉ Publishing IBD		•			
CENTRALLY INCURRED SHARED SERVICES					
Group Communications, Central HR, Group Legal, Group Treasury, Central IT Support, Donnybrook Site Services, Group Insurance and Group Pensions	•				
CORPORATE HQ					
Direction & overall operation of Public Service Broadcaster	•				
Holding of investments in broadcasting related activities	•				
TG4					
Free-to-air broadcast of television schedule and Irish language channel				•	
Commissioning and production of indigenous television programmes				•	
Acquisition of domestic / non-domestic television programmes				•	
Television advertising and sponsorship sales				•	
Maintenance of television channel archive				•	
Administration of TG4				•	

Notes (continued)

9 Debtors

	Group		RTÉ	
	2006 €'000	2005 €'000	2006 €'000	2005 €'000
Amounts falling due within one year:				
Trade debtors	62,278	54,758	50,433	45,898
Prepayments and accrued income	4,574	5,241	2,106	2,356
Other debtors	670	203	636	144
	67,522	60,202	53,175	48,398
Amounts falling due after one year:				
Other debtors	1,589	2,200	1,589	2,200
	69,111	62,402	54,764	50,598

10 Creditors: amounts falling due within one year

	Group		RTÉ	
	2006 €'000	2005 €'000	2006 €'000	2005 €'000
Trade creditors	5,707	10,979	4,369	9,495
Amounts owed to subsidiary companies	-	-	65,717	57,866
Accruals and deferred income	87,787	68,701	72,147	57,367
Taxation and social welfare	10,681	9,520	9,450	8,814
	104,175	89,200	151,683	133,542

Taxation and social welfare creditors include:

PAYE	2,500	2,309	2,243	2,291
PRSI	1,111	1,133	1,094	1,119
Value added tax	7,064	6,071	6,109	5,398
Other taxes	6	7	4	6
	10,681	9,520	9,450	8,814

11 Capital grants and grants-in-aid

Group:

(a) Capital grants – received and receivable	€'000
At beginning of year	1,764
Grants received during the year	2,147
At end of year	19,911
Amortisation	
At beginning of year	9,320
Amortised during the year	2,040
At end of year	11,360
Net book amount	
At 31 December 2005	8,444
At 31 December 2006	8,551
(b) Prepaid grants-in-aid received	€'000
At beginning and end of year	14,397
Amortisation	
At beginning of year	9,471
Amortised during the year	936
At end of year	10,407
Net book amount	
At 31 December 2005	4,926
At 31 December 2006	3,990
Total capital grants and grants-in-aid	
At 31 December 2005	13,370
At 31 December 2006	12,541

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

Prepaid grants-in-aid comprise amounts previously classified as capital grants in respect of network transmission assets but which were reclassified as grants-in-aid in 2003, following the disposal of these assets to RTÉ Transmission Network Limited. Prepaid grants-in-aid are amortised on the same basis as the related assets are depreciated.

Notes (continued)

12 Provisions for liabilities – restructuring costs

Group and RTÉ:	2006 €'000	2005 €'000
At beginning of year	26,994	33,589
Utilised during the year	(6,022)	(7,040)
Interest charge (note 3)	354	445
At end of year	21,326	26,994

The provision for restructuring costs at 31 December 2006 represents the Authority's best estimate of the level of provisions required in respect of the Group's remaining obligations under the various restructuring schemes. Circa three quarters of the provision for restructuring costs is expected to be utilised within the next five years (see note 14(c)).

13 Pension arrangements

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

As is required by the Pensions Act, independent actuarial valuation reports based on actuarially determined long-term funding assumptions are regularly carried out in respect of the RTÉ Superannuation Scheme. The most recent actuarial funding valuation report is dated 1 January 2007 and was completed subsequent to the year end by the actuaries, Mercer Human Resource Consulting, who are neither officers nor employees of the Group. This actuarial funding valuation, which uses the "attained age" method of valuation to derive the future service cost, discloses the scheme to have a surplus of assets over liabilities of €46.9m (1 January 2006: €36.8m), with allowance being made in the liabilities for post retirement increases on a full parity basis. The principal financial assumption underlying the actuarial funding valuation was that the scheme's investments will on average earn a long-term real rate of investment return of 2% per annum over general salary inflation for members. The market value of the assets of the scheme as at 1 January 2007 was €1,037.1m (1 January 2006: €939.6m) and the level of funding exceeded 100% at the valuation date. The actuarial funding valuation report is not available for public inspection; however, the results of valuations are advised to members.

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

	2006 €'000	2005 €'000
RTÉ Superannuation Scheme		
- current service cost	10,005	8,866
- past service cost	152	385
	10,157	9,251
RTÉ Defined Contribution Pension Scheme	5,062	4,414
Other schemes	768	611

As required by the accounting standard FRS 17, the actuaries, Mercer Human Resource Consulting, also prepare a report setting out the position of the RTÉ Superannuation Scheme using the accounting valuation methodology specified in FRS 17. The FRS 17 approach to defined benefit fund accounting valuation and reporting uses the projected unit method to derive annual future pension charges, values assets at current fair market value and discounts future liabilities (using current corporate bond rates of proximate duration to the estimated life of the liabilities of the scheme) to arrive at a net present value of the liabilities of the scheme. The asset profile of a defined benefit scheme and the expected gap between investment returns and increases in salary/pensions in payment are not crucial variables under this accounting standards based approach.

13 Pension arrangements (continued)

The major assumptions used for the purposes of the FRS 17 based accounting valuation of the RTÉ Superannuation Scheme were:

	2006	2005	2004
Valuation method	Projected unit	Projected unit	Projected unit
Rate of increase in salaries	3.60%	3.30%	3.30%
Rate of increase in pensions in payment	3.60%	3.30%	3.30%
Discount rate	4.50%	4.40%	4.75%
Inflation assumption	2.00%	2.00%	2.00%

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

	2006		2005		2004	
	Long term rate of return expected	Fair Value €'000	Long term rate of return expected	Fair Value €'000	Long term rate of return expected	Fair Value €'000
Equities	6.75%	794,133	6.75%	709,266	7.30%	578,759
Bonds	3.75%	117,371	3.25%	121,206	3.80%	118,403
Property	4.75%	85,792	4.75%	82,125	5.30%	73,043
Other	2.00%	39,764	2.00%	27,037	2.00%	28,099
Total fair value of assets		1,037,060		939,634		798,304
Actuarial value of the liability		(1,023,188)		(936,381)		(795,087)
Surplus in RTÉ Superannuation Scheme		13,872		3,253		3,217
Net pension asset recognised		13,872		3,253		3,217

The pension asset that can be recognised under FRS 17 is limited to the future benefit that RTÉ can expect to obtain from the surplus in the RTÉ Superannuation Scheme and by the decision of the Minister for Communications, Marine and Natural Resources.

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

	2006 €'000	2005 €'000
Pension surplus		
Movement in the year:		
Current service costs ¹	(10,005)	(8,866)
Past service costs	(152)	(385)
Employer contributions	4,179	4,242
	(5,978)	(5,009)
Other finance income	14,485	12,185
	8,507	7,176
Actuarial gain / (loss)	2,112	(7,140)
	10,619	36
Surplus in the scheme at beginning of year	3,253	3,217
Surplus in the scheme at end of year	13,872	3,253

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

Notes (continued)

13 Pension arrangements (continued)

The employer contribution rate to the RTÉ Superannuation Scheme for the year ended 31 December 2006 was 8% of employee members' pensionable earnings (2005: 8%).

The following amounts have been recognised in respect of the RTÉ Superannuation Scheme.

	2006 €'000	2005 €'000
Charged to operating profit		
Current service costs	10,005	8,866
Past service costs	152	385
	10,157	9,251
Credited to other finance income		
Expected return on pension scheme assets	55,611	50,518
Interest on pension scheme liabilities	(41,126)	(38,333)
	14,485	12,185
Analysis of amount recognised in statement of total recognised gains and losses		
Actual return less expected return on pension scheme assets	64,275	111,199
Experience gains and losses arising on the scheme liabilities	(30,907)	(15,139)
Changes in assumptions underlying the present value of the scheme liabilities	(31,256)	(103,200)
	2,112	(7,140)

History of actuarial gains and losses	2006 €'000	2005 €'000	2004 €'000	2003 €'000	2002 €'000
Difference between expected and actual return on assets	64,275	111,199	14,912	26,291	(231,273)
Expressed as a percentage of scheme assets	6.2%	11.8%	1.9%	3.5%	(34.2%)
Experience loss arising on scheme liabilities	(30,907)	(15,139)	(3,977)	8,388	(4,078)
Expressed as a percentage of scheme assets	(3.0%)	(1.6%)	(0.5%)	1.6%	(0.6%)
Effect of changes in actuarial assumptions	(31,256)	(103,200)	(71,163)	8,627	51,576
Expressed as a percentage of scheme assets	(3.1%)	(11.0%)	(8.9%)	1.2%	7.7%
Total actuarial gains and losses	2,112	(7,140)	(60,228)	43,306	(183,775)
Expressed as a percentage of scheme assets	0.2%	(0.8%)	(7.5%)	5.8%	(27.4%)

14 Treasury information

Financial risk management

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

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

Foreign exchange management

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

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

Liquidity and cash management

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

Liquid funds held at 31 December 2006 of €81.3m compared with liabilities under the various restructuring schemes of €21.3m. The greater portion of these restructuring costs will be settled over the next five years.

Credit risk

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

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

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

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

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

	2006 €'000	2005 €'000
Other debtors (note 9)	1,589	2,200
Cash in hand and at bank	81,346	67,766
	82,935	69,966

Notes (continued)

14 Treasury information (continued)

After taking account of forward currency contracts, the interest rate profile of these financial assets at 31 December was as follows:

Floating rate financial assets:	2006	2005
	€'000	€'000
Currency		
Euro	82,470	69,680
US dollar	465	13
Sterling	-	273
Total	82,935	69,966

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

The Group's financial liabilities, as defined by *FRS 13*, comprise:

	2006	2005
	€'000	€'000
Provision for restructuring costs (note 12)	21,326	26,994

After taking account of forward currency contracts, the interest rate profile of these financial liabilities at 31 December was as follows:

Floating rate financial liabilities:	2006	2005
	€'000	€'000
Currency		
Euro	21,326	26,994

No external interest is payable on the provision for restructuring costs, although in line with the Group accounting policy, notional interest relating to the provision is charged annually to the statement of income and expenditure at a rate appropriate to the maturity of the liabilities.

(b) Currency exposures

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

	Net foreign currency monetary assets/(liabilities)			
	Sterling €'000	US dollar €'000	Other €'000	Total €'000
31 December 2006	(2,661)	(4,777)	(531)	(7,969)
31 December 2005	(1,798)	(5,277)	(604)	(7,679)

The functional currency of all Group entities is euro.

14 Treasury information (continued)**(c) Maturity of financial liabilities**

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

	2006 €'000	2005 €'000
In one year or less or on demand	5,181	6,470
In more than one year but not more than two years	3,971	4,864
In more than two years but not more than five years	6,809	9,149
In more than five years	5,365	6,511
	21,326	26,994

(d) Borrowing facilities

Given the level of cash balances held by the Group, it was not considered necessary to maintain any committed borrowing facilities at 31 December 2006 or 31 December 2005.

(e) Fair value of financial assets and financial liabilities

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

	Book value €'000	2006 Fair value €'000	Book value €'000	2005 Fair value €'000
Primary financial instruments held or issued to finance the Group's operations				
Cash in hand and at bank	81,346	81,346	67,766	67,766
Other debtors	1,589	1,589	2,200	2,200
Provision for restructuring costs (note 12)	(21,326)	(21,326)	(26,994)	(26,994)
	61,609	61,609	42,972	42,972
Derivative financial instruments held to hedge the currency exposure on expenditure				
Forward currency contracts	(135)	(118)	155	395

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

(f) Gains and losses on hedging contracts

Due to the nature of certain aspects of its business, in particular acquired television programmes and rights from overseas, RTÉ is exposed to the effects of fluctuations in foreign currency exchange rates. In order to manage these exposures, RTÉ entered into various treasury arrangements during the year. At 31 December 2006, the Group was committed to purchasing US\$14.25m (2005: US\$8.50m) and GBPE1.5m (2005: GBPE1.55m) at specified rates at various dates in 2007.

A net unrealised gain of €17,000 arising on hedging instruments at 31 December 2006 is currently expected to be recognised in 2007. Net unrealised gains of €240,000 arising on hedging instruments at 31 December 2005 were all recognised in 2006.

Notes (continued)

15 Financial commitments and contingencies

(a) Litigation

Due to the nature of its operations, RTÉ is involved in various legal actions, principally in relation to alleged defamation and other similar disputes. While it is not practicable to precisely quantify the potential liabilities under these various actions, the Authority is satisfied that it has made reasonable provision in the financial statements for the likely outcomes of these actions.

(b) Capital commitments

	2006 €'000	Group 2005 €'000	2006 €'000	RTÉ 2005 €'000
Contracted but not provided for	1,318	1,588	510	436
Authorised but not contracted for	3,435	3,242	3,211	3,058
	4,753	4,830	3,721	3,494

(c) Programme/rights purchase commitments

	2006 €'000	Group 2005 €'000	2006 €'000	RTÉ 2005 €'000
Contracted but not provided for	64,341	82,626	54,976	67,074

(d) Operating lease commitments

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

	2006 €'000	Group 2005 €'000	2006 €'000	RTÉ 2005 €'000
Within one year	96	60	34	23
Within two to five years	143	226	76	120
	239	286	110	143

16 Notes to the Group cash flow statement

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

	2006 €'000	2005 €'000
Operating surplus before interest, tax, depreciation and amortisation	18,514	17,395
Difference between pension charge and cash contributions	5,978	5,009
Amortisation of prepaid grants-in-aid	(936)	(1,472)
Increase in debtors	(5,987)	(6,116)
Increase in creditors	11,293	5,874
Net cash inflow from operating activities	28,862	20,690

(b) Gross cash flows

	2006 €'000	2005 €'000
Returns on investments and servicing of finance		
Interest received	1,670	1,597
	2006 €'000	2005 €'000
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(13,138)	(15,158)
Capital grants received	2,147	868
Receipts from sales of tangible fixed assets/insurance proceeds	61	1,460
Proceeds from sale of financial assets	-	2,120
	(10,930)	(10,710)
	2006 €'000	2005 €'000
Management of liquid resources		
Movement in bank term deposits	(10,550)	(5,938)

Notes (continued)

16 Notes to the Group cash flow statement (continued)

(c) Analysis of changes in net funds

	2006 €'000	2005 €'000	Cash Flow €'000
Cash at bank	4,902	1,872	3,030
Liquid resources (term deposits)	76,444	65,894	10,550
	81,346	67,766	13,580

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

	2006 €'000	2005 €'000
Increase/(decrease) in cash	3,030	(1,401)
Increase in liquid resources	10,550	5,938
Increase in net funds	13,580	4,537
Net funds at beginning of year	67,766	63,229
Net funds at end of year	81,346	67,766

17 Related party transactions

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

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

18 Approval of financial statements

The members of the Authority approved the financial statements on 22 March 2007.

Charter

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

AUDIENCE COUNCIL

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

Structure and composition

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

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

The Council held five meetings during 2006. Mark Connolly was elected unopposed to the post of Chairman at the January meeting.

The Director-General of RTÉ, Cathal Goan, met with the Council at the January meeting. He reaffirmed RTÉ's commitment to, and full support for, the Council's work. He also welcomed the close links which had been established with the BBC Broadcasting Council for Northern Ireland.

A joint meeting between the RTÉ Audience Council and the BBC Broadcasting Council for Northern Ireland was held in March. This was considered to be a very successful and dynamic meeting with good round table discussions taking place on areas of mutual interest. The Council was also represented at the Broadcasting Council's 25th Anniversary celebrations in September.

A delegation from the Council met with the RTÉ Authority's Programme Sub-Committee in April. Following this meeting a formal system of feedback between the Council and RTÉ was established.

This Council's term of office ends in December 2007. During 2006 discussions on its successor took place at a number of meetings. The Council are particularly concerned that the wealth of experience and knowledge which it has built up is not lost to a new Council and suggested consideration be given to ensuring an element of continuity in membership. In September 2006 the Minister for Communications, Marine and Natural Resources published the *General Scheme for a Broadcasting Bill* which includes a provision for the Audience Council to be established on a statutory basis. The Council's concern about loss of continuity was included in RTÉ's submission to the e-consultation process which followed.

The Chairman was interviewed by the *RTÉ Guide* and he also launched the RTÉ Weather Photo Exhibition in Dublin Central Library during 2006.

Topics discussed by the Council with the relevant RTÉ executives during 2006 included: compilation of TV schedules; generation of commercial revenue on Radio, including protocols and safeguards in place; advertising considered to have "political ends"; pronunciation in languages other than English; podcasts of radio programmes and other technological developments; RTÉ and the Arts (visual arts, literature, music and drama); RTÉ Access Services (sub-titling and development of audio description for blind and visually impaired); sports programming. The changes to the RTÉ Radio 1 schedules in the Autumn were discussed at length over a few meetings with senior Radio executives in attendance.

The Council was kept informed of the national and international awards won by various RTÉ services throughout the year.

Charter

STATEMENT OF COMMITMENTS

In the first quarter of the year, RTÉ published its *Statement of Commitments 2006*. The document was disseminated widely in hard copy and was placed on RTÉ.ie where it remained for the year. The statement detailed quantitative commitments in relation to corporate and output activities that are independently assessed annually on behalf of the Minister for Communications, Marine and Natural Resources.

The following summarises the commitments made and the level of achievement in each case:

Corporate Commitments

Results

In 2006 RTÉ pledges to:

<ul style="list-style-type: none"> Focus on year two of <i>Guiding Principles – Implementing the Public Service Broadcasting Charter</i>. Ensure RTÉ fulfils the requirements of the <i>Charter</i> and reports on same. The third and final edition of <i>Guiding Principles – Implementing the Public Service Broadcasting Charter</i> will be published at the end of 2006. 	<ul style="list-style-type: none"> Commitment achieved
<ul style="list-style-type: none"> Continue to work with DCMNR to facilitate the development of the most appropriate Digital Broadcasting Strategy for Ireland which is likely to include DTT. Facilitate appropriately the pilot DTT announced by the Minister. 	<ul style="list-style-type: none"> Commitment achieved
<ul style="list-style-type: none"> Have our position on Corporate Social Responsibility considered by the new Authority during Q1 and published as soon as possible afterwards. 	<ul style="list-style-type: none"> Commitment achieved
<ul style="list-style-type: none"> Ensure RTÉ is in a position to meet fully all the requirements of the Official Languages Act once introduced. 	<ul style="list-style-type: none"> Commitment achieved in so far as possible. RTÉ not yet designated under <i>Official Languages Act 2003</i>
<ul style="list-style-type: none"> Facilitate the work of DCMNR and Oireachtas Éireann in the development of broadcasting legislation. 	<ul style="list-style-type: none"> Commitment achieved in so far as possible. RTÉ played a full role in eConsultation (with the Joint Committee on Communications, Marine and Natural Resources), which is ongoing at this time.
<ul style="list-style-type: none"> Submit, by April 2006, to DCMNR the new strategic plan for RTÉ approved by the Authority. 	<ul style="list-style-type: none"> Commitment achieved. Submitted end of March 2006
<ul style="list-style-type: none"> Support DCMNR as it devotes the resources necessary to ensure that Ireland plays a full part in the review of the <i>Television Without Frontiers Directive</i> 	<ul style="list-style-type: none"> Commitment achieved
<ul style="list-style-type: none"> Ensure availability on internet of an updated version of the RTÉ Producers Guidelines 	<ul style="list-style-type: none"> Commitment achieved
<ul style="list-style-type: none"> Ensure RTÉ adapts as necessary to meet new requirements taking effect under disability legislation with effect from 31 December 2005. 	<ul style="list-style-type: none"> Work in progress, on schedule for full compliance by due date.
<ul style="list-style-type: none"> Work with DCMNR, ComReg and all other appropriate authorities to try to ensure a favourable outcome for Ireland at the international spectrum conference in 2006. 	<ul style="list-style-type: none"> Commitment achieved. Satisfactory result achieved for Ireland.
<ul style="list-style-type: none"> Ensure corporate sponsorships continue to deliver maximum output opportunities for IBDs and seek name sponsorship where appropriate. Continue to work with Metro Éireann and the Amateur Drama Council of Ireland doing the MAMA Awards and the RTÉ Amateur Drama Festival respectively. 	<ul style="list-style-type: none"> Commitment achieved
<ul style="list-style-type: none"> Maintain the high level of accountability and transparency developed over recent years. 	<ul style="list-style-type: none"> Commitment achieved

RTÉ Radio

RTÉ Radio 1 Commitments

Minimum of 80 hours of Regional Focus (cross genre) including OBs, Agriculture, Special Events Coverage ex Regions, Local Government

Results

Commitment exceeded by 5%

Sport - 30 hours of exclusive Ryder Cup golf coverage

Commitment achieved

1,228 hours of News and Current Affairs

Commitment achieved

OFF AIR SUPPORTING Commitments:

- Annual Nationwide effort - All Ireland Musical

Commitment achieved

Minimum of 30 hours of programming devoted to Multicultural Society (cross genre)

Commitment exceeded by 20%

Minimum of 7 hours of History

Commitment exceeded by 25%

11 hours devoted to Beckett Centenary (Art and Drama)

Commitment exceeded by 182% (31 hours)

RTÉ 2fm Commitments

Results

Student Access

- 9 hours of examination focus

- 10 hours made by transition year students

Commitment exceeded by 22%

8 hours programmes made by transition year students

Children's & Education - 8 workshops

Commitment achieved

New & original music production to include:

- 2 major festivals

- 40 sessions

- 45 hours

Commitment exceeded by 50% - 3 major festivals

31 sessions – decrease in line with focus on greater live music output

Commitment exceeded by 362%

Minimum of 180 hours of programming from the regions (cross genre)

Commitment exceeded by 71%

Minimum of 50 hours of Sports programming

Commitment exceeded by 6%

Minimum of 400 hours of alternative music

Commitment exceeded by 4%

Minimum of 464 hours of News and Current Affairs

Commitment 91% achieved (decreased due to scheduling changes)

Minimum of 30 hours of Factual

Commitment exceeded by 3%

Talent Development - 40 hours

Commitment exceeded by 228%

EBU - 25 offerings of live recorded music

Commitment exceeded by 40%

Charter (continued)

RTÉ Radio (continued)

RTÉ Raidió na Gaeltachta Commitments

Commitments	Results
Minimum of 21 hours of Drama programming	Commitment exceeded by 5%
Minimum of 50 hours of Factual programming	Commitment exceeded by 28%
Minimum of 30 hours of Young People's programming (Children's & Education)	Commitment exceeded by 7%
Minimum of 96 hours of programming from the regions (cross genre)	Commitment exceeded by 21%
Minimum of 874 hours of News and Current Affairs	Commitment achieved

RTÉ lyric fm Commitments

Commitments	Results
Education & Outreach - minimum of 45 school visits	Commitment achieved
Minimum of 215 Outside Broadcasts of regional festivals, venues and events	167 Outside Broadcasts (shortfall due to programme/scheduling changes introduced during the year)
Speech commissions (factual & arts) - 9 hours factual and 4 hours educational	Commitment achieved
Minimum of 141 hours of News	Commitment exceeded by 13%
EBU: - 40 offerings - acceptance of 300 offers	Commitment 95% achieved (decrease due to changes in programming policy) Commitment exceeded by 17%

RTÉ Television

RTÉ One – Peak Time Commitments

Minimum of 125 hours of Drama including new and returning series

Results

Commitment exceeded by 2%

Minimum of 353 hours of Factual programming including Arts, Education, Religious

Commitment exceeded by 9%

Minimum of 298 hours of Entertainment and Music

Commitment 95% achieved (The decrease in hours is due to changes in programming policies e.g. the *Tubridy Tonight* repeat is now being broadcast outside of peak time and the *RTÉ People In Need Telethon* did not proceed as planned in 2006).

Minimum of 592 hours of News, Current Affairs and Weather

Commitment achieved

RTÉ Two – Peak Time Commitments

Results

Minimum of 138 hours of Drama

55 hours
This commitment was revised downwards due to changes in programming policies. In particular, the *Fair City* omnibus was transmitted outside peak time from mid 2006, leading to a reduction in the peak time drama hours for RTÉ Two. However, all-time drama hours broadcast on RTÉ Two in 2006 were 20% higher than in 2005.

Minimum of 80 hours of News, Current Affairs and Weather

Commitment 90% achieved

While the News target was achieved in full, the Weather component of the News was often broadcast after peak time due to the later scheduling time of *News on Two*. This resulted in a shortfall of eight hours (with a corresponding increase in the all-time News, Current Affairs and Weather hours).

Minimum of 107 hours of Entertainment and Music

Commitment exceeded by 16%

Minimum of 44 hours of Factual including Arts, Education, & Religious

Commitment exceeded by 57%

RTÉ Television – across both channels, all time

Results

Subtitling - increase to 4,850 hours

Commitment exceeded by 23%

Minimum of 1,090 hours of News, Current Affairs and Weather

Commitment exceeded by 11%

Minimum of 761 hours of Young Peoples programming

Commitment exceeded by 17%

767 hours of Sports programming

Commitment exceeded by 17%

Charter (continued)

RTÉ Performing Groups

Commitments	Results
• RTÉ National Symphony Orchestra (RTÉ NSO) - 65 performances	Commitment exceeded by 3%
• RTÉ Concert Orchestra - 77 performances	Commitment exceeded by 12%
• RTÉ Vanburgh String Quartet - 28 performances	Commitment achieved
• RTÉ Choirs - 7 performances	Commitment exceeded by 43%
• RTÉ NSO with the RTÉ Philharmonic Choir - 8 performances	Commitment achieved
• Guest ensembles - 5 performances	Commitment exceeded by 20%
• 80 education related performances and workshops	Commitment exceeded by 14%

RTÉ Publishing

RTÉ Guide commitments	Results
Incorporate viewer guidelines on RTÉ TV listings e.g. MA, Gen, PG etc. to allow for parental control.	Ongoing and in progress
Redesign of <i>RTÉ Guide</i> to make it more user-friendly and easy to navigate.	Commitment achieved - launched on 2nd September 2006.
Produce additional supplements to the main magazine providing extra Lifestyle/Living options and Entertainment content.	Commitment achieved - Ten supplements produced in 2006, including fashion, health, and finance supplements.
Reinforce relationships with purchaser/reader of the <i>RTÉ Guide</i> through editorial interaction, focus groups and regular research.	Commitment achieved

RTÉ Publishing (continued)

e-Publishing commitments
Results

Make more RTÉ content available for distribution on broadband platforms (computers and mobiles) in the areas of news, sports and entertainment.

Commitment achieved. 400 hrs of on-demand radio streaming is added each week in addition to 40 hrs of on-demand TV streaming. Further enhancements occurred in the areas of podcasting, live streaming of events, on-demand on mobiles etc.

Grow the current RTÉ online audience by increasing the average monthly page impressions by at least 20%.

Commitment achieved. Traffic increased by 43% year-on-year and unique users increased by 48% year-on-year (October 2006 versus October 2005).

Source: *ABC Electronic, Electronic Media Audits Limited*

Enhance the quality of online, multimedia services by the introduction of new encoding standards.

Commitment achieved.

Introduce new ways of distributing RTÉ on-demand programmes, such as downloads and podcasting.

Commitment achieved.

Launch a new Property site on RTÉ.ie.

Commitment achieved - launched in July 2006.

Continue to maintain RTÉ Aertel as a popular general information service on teletext and the web.

Commitment achieved. 2.06 million individuals access the RTÉ Aertel service.

Source: *Behaviour & Attitudes in 2006*

The numbers accessing Aertel on RTÉ.ie increased by 24% (October 2006 versus October 2005)

Provide a service to the Irish diaspora with timely and comprehensive home news on our website.

Commitment achieved. All news material is available to the international audience. 207,000 unique users based overseas access news content on RTÉ.ie each month, generating 2.1 million page impressions monthly.

Commence development of Digital Text.

Commitment achieved.

Maximise the use of innovative technologies to promote audience interaction and communications between TV and Radio programmes and their viewers/listeners.

Commitment achieved. Participation in *Test the Nation* via SMS recorded 5 times more registrations than via the internet.

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

Commitment achieved. GAA Sports highlights on mobile; live streaming of programmes on the web; pilot RTÉ Aertel for mobile etc.

Charter

IRISH LANGUAGE PROGRAMMING AND SERVICES

RTÉ Radio

Raidió na Gaeltachta

The centrepiece and the bedrock of RTÉ's Irish language Radio output is RTÉ Raidió na Gaeltachta's full spectrum broadcast service. With studios in all major Gaeltachtaí and an extensive network of contributing studios and links around the country, Raidió na Gaeltachta reflects and informs life in and through the Irish language, principally in its coverage of local, national and international news and current affairs. This public service of broadcasting is arguably the most important public forum for the language. Its schedule developments are planned to embrace new audiences (*Anocht fm* introduced in 2005 as a new service for young people), to support the curriculum (*Gaeilge na hArdeiste*), and to develop story telling through new features, documentaries and drama series.

RTÉ Raidió na Gaeltachta has created and now maintains a rich archive of the language and its related culture in music and folklore. That archive is made more accessible to the public and students through partnerships with NUI Galway, Ionad an Blascaoid, and the Ulster Folk and Transport Museum.

RTÉ Radio One

Irish language programming featured strongly on RTÉ Radio 1 with the following programmes:

- *Céiliúradh ar Ó Cadhain*, a 5-part commemorative series to mark the writer's centenary.
- *Cré na Cille*, a two hour radio drama adaptation of Ó Cadhain's masterpiece.
- *Faobhar an Chorráin*, the prize winning play in an Fhéile Náisiúnta Drámaíochta, recorded on location in West Cork with Aisteoirí Gobnatain.
- *Fearg*, specially commissioned monologue by Máire Mhac an tSaoi, performed by Niall Tóibín.
- *Hags, Queens and Wise Women* (bi-lingual), Gearóid Ó Cruallaich's voyage through Gaelic literature and oral tradition in search of the ancient Irish goddess figure and her persistent re-emergence in modern times.
- *Songs from a Hidden Ulster* (bi-lingual), a 6-part series on the Gaelic people, history and song tradition of Oriel as related and sung by Padraigin Ní Uallacháin.

RTÉ Radio 1 broadcasts daily Nuacht services, participates in Seachtain na Gaeilge, commissions and produces series of Irish language drama, marks cultural celebrations such as the 2006 centenary of Máirtín Ó Cadhain, and includes traditional music, folklore, history, and literary themes in its weekly schedules.

RTÉ Television

RTÉ marked the centenary of celebrated writer Máirtín Ó Cadhain with a specially-commissioned hour-long documentary *Máirtín Ó Cadhain – Rí an Fhocail*. Produced by Seán Ó Cualáin and Mac Dara Ó Curraighin, it subsequently won an IFTA as best Irish language programme for that year.

The in-house *Léargas* team produced some new strands which were highly successful – *Oileán*, which took an intriguing glance at some offshore islands; *Talamh an Achrainn*, which examined land controversies and *Scannal* returned to strong audiences at the competitive time slot of 19:30 on RTÉ One.

RTÉ again supported Seachtain na Gaeilge across all platforms. A specially commissioned television series was broadcast during the event; Television Presentation actively supported it; RTÉ Radio and RTÉ Publishing were also involved. RTÉ also funded a DVD of previous Seachtain na Gaeilge programmes which went out to all schools.

A series based on GAA in Northern Ireland and co-funded by the Irish Language Broadcast Fund, *Scéal Ó Thuaidh*, was broadcast during the autumn.

RTÉ supplies TG4 with an hour of programming a day, half of which is news and the other half made up of home-produced, commissioned and acquired programmes. *Ardán*, *An Tuath Nua*, *Cruinneas*, and *Bean an Tí* all returned in 2006 with other new series coming on stream in 2007.

UNIVERSAL ACCESS TO SERVICES

The upgrading by RTÉNL of a number of small community broadcast systems continued in 2006. Within the RTÉNL Self Help/Community System Projects 2006, a number of old self help sites or community broadcast systems not maintained by RTÉ were brought up to acceptable maintenance and safety standards, so they could be added to the RTÉNL official site list. The 2006 project focused on 11 sites. Of these sites all are commissioned and all works complete except 1 site at Mossy Glen, for which the relevant equipment was purchased but commissioning will only commence in early 2007.

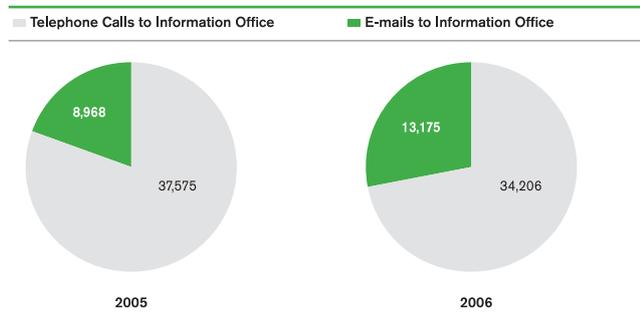
2006 commissioned and complete sites are:

Dromore, Co. Donegal
 Cnoc Fola, Co. Donegal
 Kilbane, Co. Clare
 Shanafarachan, Co. Galway
 Rockchapel, Co. Cork
 Curransport, Co. Donegal
 Kilcar Glen, Co. Donegal
 Crimlin East, Co. Galway
 Renvyle, Co. Galway
 Morleys Bridge, Co. Kerry

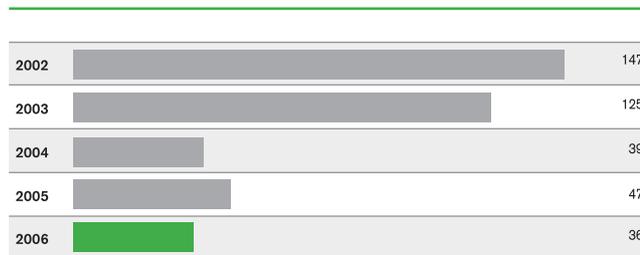
Mossy Glen, Co. Donegal – still to be commissioned in 2007.

Other Statistical Information

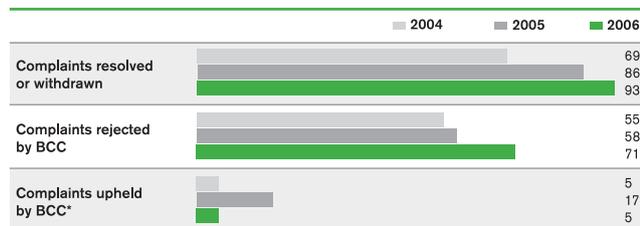
RTÉ Information Unit - enquiries handled



Freedom of Information requests to RTÉ (excl STnaG)



BCC adjudications of complaints about RTÉ output



* In 2006, two complaints were upheld against one radio programme, two complaints upheld against advertisements broadcast on RTÉ and one complaint upheld against a television programme.

There were, in addition, 26 complaints concerning Taste and Decency which could not be adjudicated on by the BCC as a new Code of Programme Standards due in 2007 was not in operation in 2006.

Other Statistical Information (continued)

INTERNATIONAL AND NATIONAL AWARDS RECEIVED BY RTÉ IN 2006

Event 2006	Entry	Category
Irish Medical Media Award	Prime Time Investigates: Home Truths	Consumer Broadcast Media Award
Irish Medical Media Award	Fergal Bowers, RTÉ Health Corr.	Medical Journalist of the Year
Western Development Commission Awards	Eileen Magnier, North Western Corr.	National TV Award
Justice Media Awards	Prime Time: Padraig Nally	Overall Winner
Justice Media Awards	Morning Ireland: Road Safety	Radio Category Award
Justice Media Awards	For Frances	Court Reporting Category Award (Broadcast Section)
Justice Media Awards	The Neary Report	Certificate of Merit
Justice Media Awards	Prime Time: Padraig Nally	Television Category Award
Harambee International Awards for Africa	When You Say A Thousand Goodbyes	Non-African Category Winner
Golden Spiders IT Awards	wwwrte.ie	Grand Prix
Golden Spiders IT Awards	wwwrte.ie	Best News, Music and Entertainment
Golden Spiders IT Awards	wwwrte.ie	Best Sport, Health and Leisure
Periodical Publishers Assn.of Irl. (PPAI)	RTÉ Guide	Consumer Magazine of the Year
Net Visionary Award (Irish Internet Association)	Mobile Internet Contribution	188 nominations and 20,000 votes from the public
Irish Association Of Promotional Marketing	RTÉ 2fm	Media, Category Winner, Bronze Award and European Nominee
New York Festival	Lyric: Before and After Science	Bronze World Medal: Music Special
New York Festival	Indian Ocean Tsunami	Finalist Certificate: Profiles/Community Portraits
New York Festival	Twenty Seven	World Gold Medal : Best Drama Special
New York Festival	The Convict Of The Road	Bronze World Medal: Sports Analysis
Oireachtas na Bealtaine Gradaim Chumarsáide	Liam Mac Con Iomaire	Buaic-Ghradam Cumarssáide an Oireachtas (Hall of Fame Award)
Oireachtas na Bealtaine Gradaim Chumarsáide	Admhaidin	Clár Raidió na Bliana (Radio Programme of the Year Award)
Oireachtas na Bealtaine Gradaim Chumarsáide	Mártan Ó Ciardha, Eagrai Spóirt RnaG	Colúnaí na Bliana (Columnist of the Year)
Oireachtas na Bealtaine Gradaim Chumarsáide	Gemma Ni Chionnaith, Anocht fm	Pearsa Raidió na Bliana Award (Radio Personality of the Year)
PPI Awards: Raidió na Gaeltachta	Seachtas Laoch	Best Documentary
PPI Awards: RTÉ Radio 1	Today with Pat Kenny: Sri Lanka	Best Current Affairs
PPI Awards: RTÉ Radio 1	Nomads	Best Drama
Third Coast Internat. Audio Festival, Chicago	Flux	Gold Medal: International Best Radio Documentary. 258 in'tl competitors
Agricultural Journalism Awards	Micheál Ó Muircheartaigh	Special Award for Communications with the Rural Community
Celtic Film Festival 2006	John McGahern: A Private World	Best Arts Documentary
Celtic Film Festival 2006	Stew	Best Entertainment Series
Celtic Film Festival 2006	Jellybaby	Best Short Drama
Celtic Film Festival 2006	Final Words - Hurling 04	Best Sports Profile
EBU Connect Conference 2006	The Year London Blew Up	Best Design Category
MAMA Multi-Cultural Awards	One Minute Workshop	Visual Media Award
PROMAX USA	Free To Air	World Gold: Best Sports Programme Promotion
PROMAX USA	The Six Nations	World Gold: Best Use of Music In A Promotion
PROMAX USA	RTÉ News	World Silver: Best News Programme Promotion
PROMAX USA	Light Up Christmas Movies	World Silver: Original Score For A Promotion
Radharc Awards	When You Say A Thousand Goodbyes	Radharc Award
Sharks Advertising and Promotions Awards	Prime Time : A & E	Bronze: Best News and Current Affairs
Sharks Advertising and Promotions Awards	Scary Movie	Bronze: Best Script Writing
Sharks Advertising and Promotions Awards	Christmas on RTÉ 2	Bronze: Best Station Ident
Sharks Advertising and Promotions Awards	Moments Shared	Gold: Best Sports Promo. 1,000 international entries competing
Sharks Advertising and Promotions Awards	Beckett 100	Silver: Best Entertainment
Sharks Advertising and Promotions Awards	In A World	Silver: Best Use of Humour (Cinema)
Smart Telecom TV Now Awards	David Mitchell, Fair City	Best Male Star
Smart Telecom TV Now Awards	Return To Tsunami	Favourite Documentary
Smart Telecom TV Now Awards	The Clinic	Favourite Drama
Smart Telecom TV Now Awards	Kathryn Thomas	Favourite Female TV Presenter
Smart Telecom TV Now Awards	Derek Mooney	Favourite Male TV Presenter
Smart Telecom TV Now Awards	You're A Star	Favourite Reality TV Show
Smart Telecom TV Now Awards	The Podge and Rodge Show	Favourite TV Show
VIP Magazine	Pamela Flood	Most Stylish Woman Award
Agricultural Journalism Awards	Ear to the Ground	National Broadcast Category: Helen Carroll
EBU Connect Conference 2006	Beckett 100	Winner: Best Cross Media Campaign
International Visual Comms. Assn (IVCS)	Beckett 100	Clarion Special Award for Outstanding Achievement
World Media Festival, Hamburg	When You Say A Thousand Goodbyes	Golden Globe Award
US International Film and Video Festival	When You Say A Thousand Goodbyes	Gold Camera
Chicago International Film Festival	When You Say A Thousand Goodbyes	Gold Hugo, Intercom Competition
International Angel Awards, USA	When You Say A Thousand Goodbyes	Silver Angel
New York Festival	When You Say A Thousand Goodbyes	World Bronze Medal
Worldfest Heuston, USA	When You Say A Thousand Goodbyes	Bronze Remi

As part of RTÉ's continuing commitment to regional programming, the station has broadcast from a number of venues around the country on a regular basis.

Including the National Ploughing Championships in Co. Carlow



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Financial History

	2006 €'000	2005 €'000	2004 €'000	2003 €'000	2002 €'000
INCOME & EXPENDITURE					
Television Licence Fees	182,835	170,131	166,164	157,425	114,051
Commercial income	222,186	199,757	176,718	155,247	157,947
Total revenue	405,021	369,888	342,882	312,672	271,998
Operating costs, before interest, tax, depreciation and amortisation ⁽¹⁾	(380,529)	(347,484)	(315,308)	(290,491)	(276,140)
Operating surplus before interest, tax, depreciation and amortisation ⁽¹⁾	24,492	22,404	27,574	22,181	(4,142)
Depreciation & amortisation	(16,134)	(15,955)	(15,672)	(19,486)	(17,795)
Accelerated depreciation/ building impairment	-	-	(19,039)	-	-
Gain/(loss) on disposal of assets	(152)	1,684	16,619	(673)	59
Restructuring costs	-	-	-	-	(35,368)
Surplus before interest and tax ⁽¹⁾	8,206	8,133	9,482	2,022	(57,246)
Interest receivable	2,392	1,597	1,160	1,055	1,706
Interest payable	(354)	(445)	(571)	(816)	(482)
Surplus/(deficit) before tax on Pre FRS 17 basis	10,244	9,285	10,071	2,261	(56,022)
Tax	-	-	(3,266)	-	-
Surplus/(deficit) after tax on Pre FRS 17 basis	10,244	9,285	6,805	2,261	(56,022)
Impact of FRS 17	8,507	7,176	11,899	See note 1	See note 1
Surplus after tax on FRS 17 basis	18,751	16,461	18,704		
BALANCE SHEET					
Tangible assets	90,123	91,690	93,643	118,019	127,455
Financial assets	-	-	1,615	1,615	1,615
Net current assets	46,282	40,968	36,003	15,443	25,697
Total assets less current liabilities	136,405	132,658	131,261	135,077	154,767
Capital grants	(12,541)	(13,370)	(14,663)	(16,081)	(16,501)
Provision for liabilities	(21,326)	(26,994)	(33,589)	(42,792)	(64,323)
Net assets at 31 December excl. pension asset	102,538	92,294	83,009	76,204	73,943
Pension asset	13,872	3,253	3,217	51,546	5,479
Net assets at 31 December incl. pension asset	116,410	95,547	86,226	127,750	79,422
CASH FLOW					
Net cash flows from operating activities	28,862	20,690	30,821	24,842	(5,180)
Payments under restructuring programmes	(6,022)	(7,040)	(9,773)	(19,535)	(22,166)
Returns on investment	1,670	1,597	1,159	1,047	1,460
Taxation	-	-	(3,266)	-	-
Capital expenditure and financial investment	(10,930)	(10,710)	7,022	(10,013)	(11,001)
Net funds at 1 January	67,766	63,229	37,266	40,925	77,812
Net funds at 31 December	81,346	67,766	63,229	37,266	40,925
EMPLOYEE HEADCOUNT					
Establishment before regularisations	1,970	1,926	1,820	1,712	1,692
Retrospective estimate of staff previously engaged as contractors	313	313	313	313	313
RTÉ (excl. TG4)	2,283	2,239	2,133	2,025	2,005
TG4	109	107	110	110	103
Total at 31 December	2,392	2,346	2,243	2,135	2,108

⁽¹⁾ Operating costs, operating surplus before interest, tax, depreciation and amortisation and the surplus before interest and tax are calculated above on the basis set out prior to FRS 17, with the impact of FRS 17 on the statement of income and expenditure for 2004, 2005 and 2006 shown separately. The balance sheets at 31 December 2002, 2003 and 2004 have been restated for the adoption of FRS 17.