BAI

ÚDARÁS CRAOLACHÁIN NA hÉIREANN | BROADCASTING AUTHORITY OF IRELAND

ANNUAL REPORT AND ACCOUNTS 2011

www.bai.ie

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MISSION

As Ireland's broadcasting regulator, the Broadcasting Authority of Ireland (BAI) is an independent statutory body, committed to serving Irish society by regulating, shaping and supporting the broadcasting environment, so that broadcasting reflects Ireland's diverse and democratic nature.

VISION

The BAI is recognised as a strategic and professional regulator, serving the viewing and listening needs of the people of Ireland and respected by the broadcasting sector and other relevant stakeholders.

ABOUT THE BAI

The Broadcasting Act 2009 (the Act) came into force in October 2009. A considerable and significant piece of legislation, the Act overhauled Irish broadcasting law by updating and consolidating almost 50 years of content-related legislation.

The Act established the Broadcasting Authority of Ireland (BAI) to regulate content across all broadcasting, assuming the roles previously held by the Broadcasting Commission of Ireland (BCI) and the Broadcasting Complaints Commission (BCC). The Act sets out a range of general and specific objectives for the BAI and specifies that its constituent parts, in performing their functions, "shall endeavour to ensure:

- that the number and categories of broadcasting services made available in the State best serves the needs of the people of the island of Ireland, bearing in mind their languages and traditions and their religious, ethical and cultural diversity,
- that the democratic values enshrined in the Constitution, especially those relating to rightful liberty of expression, are upheld, and
- the provision of open and pluralistic broadcasting services."

The Act also sets out a range of other objectives for the Authority which include:

- stimulating the provision of high quality, diverse, and innovative programming
- facilitating public service broadcasters in the fulfilment of their public service objects
- promoting diversity of control in the commercial and community sectors
- ensuring that broadcasting regulation:
    - sustains independent and impartial journalism
    - sustains compliance with employment law
    - protects the interests of children
    - facilitates a broadcasting sector which is responsive to audience needs and accessible to people with disabilities
    - promotes and stimulates the development of Irish language programming and broadcasting services.

In 2011 the BAI launched its first Strategy Statement, offering an outline of what will be achieved from 2011-2013. The priority of this Statement is to make sure that Irish audiences can enjoy high quality and innovative indigenous broadcasting content. The mission, vision and values of the BAI delineate the BAI's guiding operational principles, with the goal of ensuring that broadcasting reflects the contemporary and democratic nature of Irish society. The eight strategic goals of the organisation provide focus for the organisation in its mission: to serve Irish society by regulating, shaping and supporting the broadcasting environment.

The BAI Annual Report 2011 uses the BAI Strategy Statement as a guiding structure to report on the achievement of its workplan, arising from the strategic goals the organisation has set for itself.

Chairperson's Statement

The year under review was a difficult and uncertain year for broadcasters and for the media generally. That uncertainty continues as this review is written. The economic environment has represented a sustained challenge for all and the growth of new media, while offering great promise and possibility, poses some fundamental questions for the economic model that underpins media provision in Ireland. These questions are not without consequence for democratic participation and for policy makers. The Authority was acutely conscious of these realities as it discharged its responsibilities during 2011.

The prevailing circumstances prompted a number of broadcasters to seek approval for contractual variations in respect of programme commitments or administrative arrangements. Where it was satisfied that the changes proposed would have minimal or no impact on the services available to audiences, or where such changes would not, overall, diminish the range or quality of output, the Authority was disposed to accommodate the requests for change. In a number of cases, the Authority reserved the right to review the position at a later stage.

It is worth noting, as for 2010, that despite the economic difficulties, all broadcasters made every effort – often with notable success – to retain strong schedules. It should be noted also that almost all broadcasters observed the requirements for prompt payment of the statutory levy.

One of the very important tasks required by the Broadcasting Act 2009 was the development of a Broadcasting Services Strategy. This is no dry administrative requirement but a very fundamental review of the range of services that are appropriate for Ireland now and in the years ahead. It would be the base on which the next Licensing Plan would be constructed. Among the considerations to which the Authority gave attention was the extent to which existing services had developed close relationships with the audiences they served. It reflected carefully, also, on whether those relationships were so well established that to disrupt them by re-ordering the franchise pattern would be unreasonable.

In taking its decisions, the Authority looked beyond the current economic difficulties, while recognising their real impact, to shape the future range of services. Thus, the current distribution of local services was maintained; some greater flexibility of approach was identified for broadcasters; the potential for innovative approaches to meeting audience needs was noted and encouraged; and the possibility of some new, more focussed, services was foreseen when circumstances are more encouraging. As part of this work, the Authority reviewed in detail its Ownership and Control Policy.

The centrality of the public interest, and that of audiences, was reflected in the development of a number of draft codes and of a Right of Reply Scheme. The draft codes are, at the time of writing, coming close to completion but the substance of the work on their development took place during the year under review. One relates to fairness and objectivity in news and current affairs programming and represents a crucial element in ensuring that audiences have access to impartial presentation of information on important issues and that all concerned are treated fairly. All broadcasters are committed to these principles but the availability of a statutory code provides a framework for programme-maker and audience alike.

The other code related to the advertisement of certain food items to children. This work flowed from a specific provision in the 2009 Act and benefitted from the considered views of a group of health experts. This draft code also attracted intense interest and response to the various consultations, the outcomes of which are still under consideration as these words are written. The Right of Reply Scheme was an important, but to date unused, recourse made available to those who believed that the broadcast of inaccurate material called their integrity or honour into question.

Guidance on the format of a Code of Fair Trading Practice for Public Service Broadcasters was developed during the year. A key principle underpinning the BAI's Guidance is an acknowledgment of the vital contributions of both independent producers and PSBs to the programme-making process. The Guidance aims to ensure that the contribution of each party is recognised in any negotiation process. The respective codes of each PSB, when developed, will be considered by the Minister, in consultation with the Authority.

A further important development merits reference. That was the introduction of new arrangements that allow, for the first time in Ireland, the use of paid product placement in certain categories of programme output. This flows from the transposition to Irish law of the European Audiovisual Media Services Directive.

A programme broadcast by RTÉ in May prompted the invocation of Section 53 of the Act towards the end of the year. This was a programme in respect of which no complaint had been received within the statutory time limit and, therefore, which was beyond the consideration of the Compliance Committee at that stage. While the legal process involving an element in the Primetime Investigates programme worked its way through the High Court, it was inappropriate for the BAI to make any intervention. As the Authority was about to consider the matter, a request was received from the Minister for Communications that the Compliance Committee consider exercising its powers to initiate an investigation under Section 53. The Compliance Committee decided to undertake an investigation and appointed an independent Investigating Officer for the purpose.

While the outcome of that investigation, now well known, will fall to be reported on in the 2012 Annual Report, it is appropriate to record the significance of the first use of the Section 53 power. It was a demonstration of the importance of the analysis of the circumstances that permitted a particular programme to be broadcast even in circumstances where the Courts had already made a judgment and where the broadcaster had acknowledged the errors that had been made. The value to a broadcaster of a detached evaluation of all the elements in the decision to broadcast and the reassurance to the audience that such independent review is possible are important outcomes of the statutory process.

The Authority again undertook its review of the performance of the public service broadcasters in respect of their statements of commitments and of the adequacy of their public funding. This is, in the nature of things, work in progress and the Authority is confident that by 2012 an approach will have been developed which meets its own statutory requirements as well as the needs of the broadcasters. This process will be assisted by the first five-year review of the adequacy of public funding which will be undertaken in 2012.

The percentage of the receipts from the television licence fee that is transferred to the Sound & Vision II Fund now stands at 7%. This now represents a significant sum which is available to producers and which provides a range of consistently high-quality programmes in Irish and English for the schedules of broadcasters – public, private and community. The Authority gave continuing attention to the outcomes of the various rounds of applications and reflected carefully on the statutory intent and potential of the Scheme. It began to shape the approach to the formal review that will take place in 2012.

While much of the responsibility that the 2009 Act imposes on the BAI appears to be administrative and technical, not to say mechanistic, the public interest is never far from the surface. The work undertaken in 2011 was, in important respects, foundational in laying the shape of future approaches and in developing the audience and public focus of the statutory requirements. All broadcasters contribute to achieving the public purpose that broadcasting serves in this community and being sensitive to the conditions that facilitate, or hinder, their work is an important part of the Authority's role. Whatever formal or structural arrangements may be made in the future, these are essential parts of the regulatory framework that will endure.

I wish, finally, to express my appreciation for the commitment and diligence of the members of the Authority, for the sustained engagement of the Chairs and members of the statutory committees and for the co-operation and support of the Chief Executive and his colleagues.

Bob Collins
Cathaoirleach

Children's Commercial Communication Code

Phase I Consultation Launch

CEO Review

In December 2010, the Authority finalised its first three year Statement of Strategy covering the period 2011-2013. This is an important document for the BAI as it offers an outline of what will be achieved over a three year period. The strategy captures the focus of the work using seven overarching strategic themes and eight high level strategic goals related to these themes.

A workplan which captured the key deliverables anticipated in each of the three years was developed in January 2011. Timelines were also agreed in respect of each deliverable with some assigned to a particular year while others will remain relevant across the entire three year period. This document will form the basis of the evaluation of the achievement of the strategy throughout the period.

At the beginning of 2011, we prioritised a number of key activities for delivery in 2011. I am pleased to report that there were significant achievements in this regard during the year. This was particularly noteworthy as the BAI continues to have significant resource challenges as we remain impacted by the wider public service embargo on recruitment. In effect, this means that we have less employees in the BAI than in the former BCI and BCC combined, despite the significant increase in functions and responsibilities which emerged with the Broadcasting Act 2009. We have also reduced the expenditure of the organisation with a resultant knock-on benefit to the broadcasting sector by way of reduced levy payments.

The main body of this report provides extensive details of the achievement of key deliverables within the strategy so I will comment briefly on some of the highlights here.

One of the priorities for 2011 was the development of a Broadcasting Services Strategy which would set the Authority's vision for the mix of broadcasting services in Ireland. Given its relevance to the principles of diversity and plurality, we also undertook a review of the BAI Ownership and Control Policy, in parallel with the development of the Broadcasting Services Strategy. There was extensive consultation with the broadcasting sector on the strategy and the outcome was a document which will set the framework for licensing policies over the next 10-15 years. There was general agreement that the BAI has got the balance right within the document between the needs of the broadcasting sector and the achievement of the aforementioned diversity and plurality objectives.

A second priority was the development of a new Compliance Policy. The purpose of updating this policy was to ensure that broadcaster compliance measures were fair and proportionate, that they reflected audience needs and were adequate for the purposes of statutory reporting. The policy, which was approved in July, made risk the key priority when assessing the necessity for compliance activities. Compliance plans for future years will reflect this new risk-based approach. Towards the end of the year, the question of broadcaster compliance came very much into focus when the Compliance Committee initiated the first ever statutory investigation, under Section 53 of the Broadcasting Act, into the programme "Mission to Prey", which was broadcast on RTÉ Television in May.

Due to the significant funds involved, the operation of the Sound and Vision II Funding Scheme will always have priority status. In 2011, five rounds of the scheme were run and almost €16.5m allocated to support 89 television projects and 181 radio projects. The

scheme continues to be hugely important for broadcasters and independent producers and many award-winning programmes emerged in a range of categories across the year.

The BAI continued to implement its new responsibilities with public service broadcasters and completed its work on the provision of guidance for Codes of Fair Trading Practice to be implemented by RTÉ and TG4. Public funding reviews of both broadcasters were completed and planning work undertaken for the 5 year review of the adequacy of public funding, which will be a major priority in 2012.

Policy development in the area of codes and standards was exceptionally busy during the year with a new code on commercial communications introduced which dealt with product placement on television services, while work commenced on the development of a code on fairness, objectivity and impartiality in news and current affairs and on a revision of the diet and nutrition provisions of the children's commercial communications code. These are likely to be quite challenging in 2012 with a strong divergence of opinion evident in relation to some of the proposed elements of the codes. The code on election guidelines was also revised in the context of the General and Presidential Elections and a number of referenda during the year.

The BAI continued to play a central role in the Analogue Switch Off ("ASO") steering group operated by the Department of Communications, Energy and Natural Resources. In this regard, one of our priorities was the operation of an expression of interest process to establish whether there was potential for the carriage of additional free-to-air content on the Saorview multiplex, operated by RTÉ. With ASO scheduled to occur in October 2012, the next period will be critical to ensure this public policy objective will be delivered and the BAI will continue to play an important role in this regard.

Given the reduction in resources mentioned earlier, it is important that we continue to examine ways to ensure the effective operation of the organisation. In this regard, the matrix organisational structure, whereby staff work across a range of areas, has proved very helpful. The BAI is also fully committed to implementing the provisions of the Croke Park Agreement and we have enhanced a range of corporate governance, financial and risk processes across the year. The IT Strategy is now in its second year with emphasis placed on the Sound & Vision II Scheme which will ultimately result in more streamlined and efficient application, contracting and compliance processes, benefitting BAI staff and applicants alike.

I would like a pay a warm tribute to all of the staff of the BAI who have given their all to ensure the delivery of what is an ambitious work programme.

Finally, I would like to thank the members of the Authority, Contract Awards and Compliance Committees for their contributions to the achievement of the BAI strategic objectives in 2011.

Michael O' Keeffe
Chief Executive

The Authority

The Authority has overall responsibility for the operation and functioning of the BAI, which includes setting the strategic direction of the organisation. The Authority has nine members.

Mr. Bob Collins (Chairperson)

Mr. Larry Bass

Ms. Paula Downey

Professor Colum Kenny

Dr. Maria Maloney

Ms. Michelle McShortall

Mr. Michael Moriarty

Ms. Siobhán Ní Ghadhra

Mr. John Waters

In 2011 the Authority met eleven times.

Member	Attendance
Bob Collins (Chairperson)	11 / 11
Larry Bass	10 / 11
Paula Downey	9 / 11
Professor Colum Kenny	11 / 11
Michelle Mc Shortall	8 / 11
Dr Maria Moloney	10 / 11
Michael Moriarty	10 / 11
Siobhán Ní Ghadhra	10 / 11
John Waters	10 / 11

Contract Awards Committee

The Contract Awards Committee is responsible for the operation of licence application processes for broadcasting services and multiplex operations. The Committee has eight members; four of whom were appointed by the Government on the nomination of the Minister, while the remaining four were appointed by the Authority comprising of two members of the Authority and two members of the BAI Executive.

Ms. Siobhán Bourke (Chairperson)

Mr. David Barniville SC

Mr. Neil Leyden

Ms. Eimear McGovern

Authority Nominees:
Mr. Michael Moriarty
Professor Colum Kenny

BAI Staff Nominees:
Ms. Celene Craig
Ms. Anne O'Brien (to September 2011)
Mr. Neil O'Brien (from September 2011)

The Contract Awards Committee met 5 times during 2011, with attendance as follows:

Member	Attendance
Siobhán Bourke	5 / 5
Neil Leyden	3 / 5
David Barniville	5 / 5
Professor Colum Kenny	4 / 5
Eimer McGovern	4 / 5
Michael Moriarty	3 / 5
Celene Craig	4 / 5
Anne O'Brien (to September 2011)	3 / 5
Neil O'Brien (from September 2011)	1 / 5

The Contract Awards Committee undertook a number of activities in 2011 in accordance with its functions, including the following:

The consideration of applications for digital content services;

- The consideration of applications for temporary and institutional contracts;
- Consultation on the Broadcasting Services Strategy and subsequent Licensing Plan 2012-2013.

Details of these activities are contained in the main body of the report.

Compliance Committee

The Compliance Committee is responsible for the monitoring and enforcement of compliance, the investigation of complaints and a number of reporting functions. The Committee has eight members; four of whom were appointed by the Government on the nomination of the Minister, while the remaining four were appointed made by the Authority comprising of two members of the Authority and two members of the BAI Executive.

Professor Chris Morash (Chairperson)

Ms. Aidine O'Reilly

Ms. Edel Hackett

Ms. Paula Mullooly

Authority Nominees
Mr. John Waters
Ms. Paula Downey

BAI Staff Nominees
Dr. Ciarán Kissane
Mr. Neil O'Brien (to September 2011)
Ms. Stephanie Comey (from September 2011)

The Compliance Committee met 11 times during 2011, with attendance as follows:

Member	Attendance
Professor Chris Morash	11 / 11
Aidine O'Reilly	7 / 11
Paula Downey	5 / 11
Paula Mullooly	9 / 11
Edel Hackett	10 / 11
John Waters	9 / 11
Ciarán Kissane	11 / 11
Neil O'Brien (to September 2011)	8 / 11
Stephanie Comey (from September 2011)	3 / 11

The Compliance Committee undertook a number of activities in 2011 in accordance with its functions, including the following:

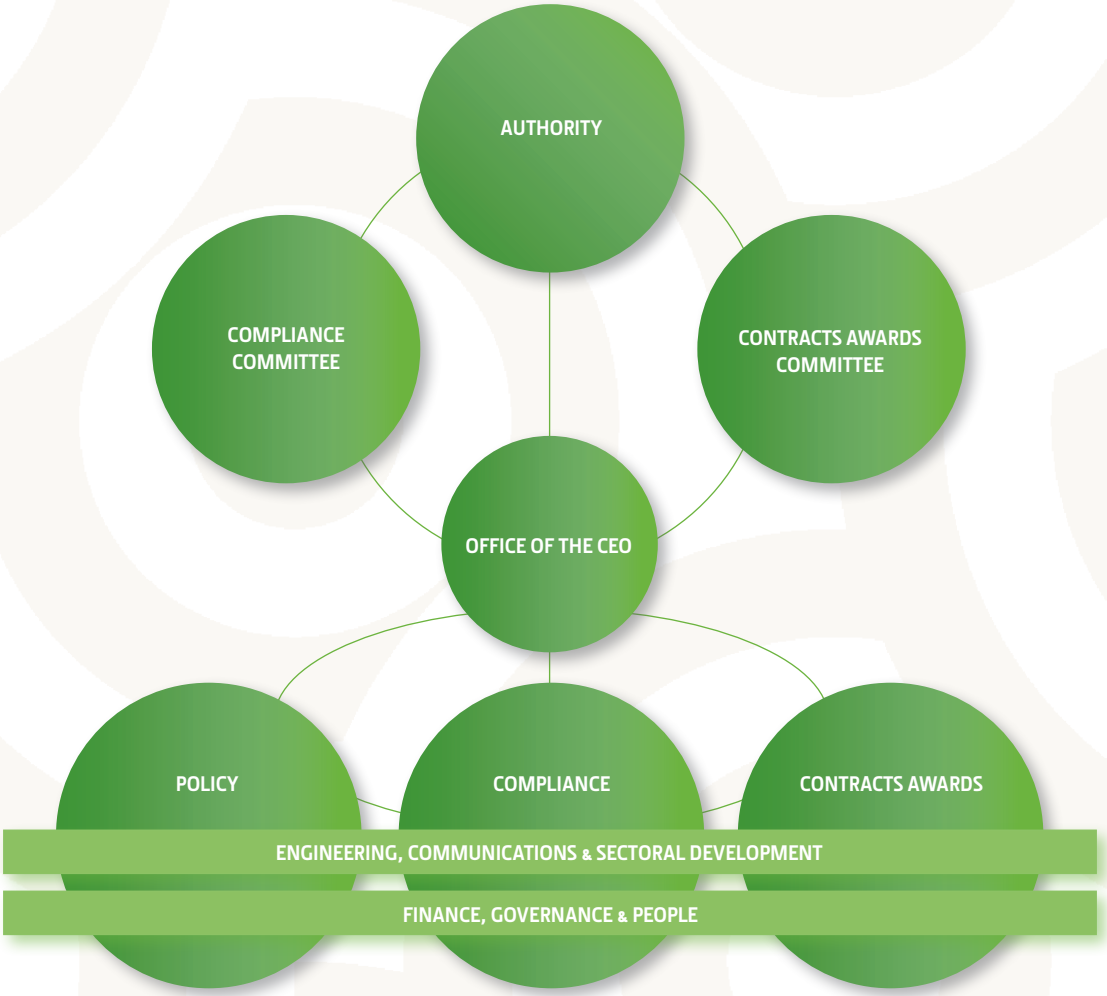
- The commencement of an investigation under Section 53 of the Act into the Primetime Investigates programme "Mission to Prey" which was broadcast on RTÉ One television in May;
- The implementation of the Compliance Plan which included the monitoring of broadcasters output, the holding of annual performance reviews and on-site inspections of studios and transmitter sites;

- Engagement with broadcasters on the operation of Codes of Practice for Complaints handling in each of the stations;
- Determining the outcomes of complaints by members of the public against broadcasters relating to their adherence to broadcasting codes and standards. The complaints process was undertaken by both the Committee and the Executive Complaints Forum;
- Consideration of the achievement of Access Rules targets by broadcasters.

Comprehensive details of all of these activities are outlined in the main body of this report.

Organisational Structure and Staff of the BAI

The BAI has an Executive Staff of 31 full-time and 10 part-time members. The organisation's work is guided by the Office of the Chief Executive and supported by a strategic management team. The BAI operates a matrix structure. Staff work flexibly across all areas of activity according to business need. This allows for the effective and efficient deployment of resources where they are needed.



Members of the Executive

A list of all staff on 31st December 2011 is outlined below:

Office of the CEO:	Michael O'Keeffe *Chief Executive* Celene Craig *Deputy Chief Executive*
Senior Managers:	Aoife Clabby, Stephanie Comey, Ciarán Kissane, Anne O'Brien, Neil O'Brien, Margaret Tumelty.
Managers:	Diarmaid Breathnach, Brian Furey, Sally Kennedy, Clare O'Sullivan, Ruth-Blandina Quinn, Declan McLoughlin, Niamh Ní Bhroin, Andrew Robinson, Roger Woods.
Executive Officers:	Jill Caulfield, Gillian Collins, Philip Cooper, Tim Flynn, Elizabeth Farrelly, Teresa Kearns, Patricia Kelly, Louise McLoughlin, Marie Murphy, Sinead Owens, Sarah Traynor.
Clerical Officers:	Rachel Casey, Joanna Laskowska, Jessica Scott.
Monitoring Staff:	Andrea Leonard, Annette Stone, Jeanne Spillane, Fionnuala Murphy, Deborah Molloy, Barry Casey, Simon Conneally

Clare FM

PPI Radio Station of the Year, 2011

Content
Choice
Ensuring Diversity
Quality
Potential

Facilitating the Provision of a Diverse Range of Broadcasting Services and Content

Broadcasting Services Strategy

During 2011, a key deliverable for the Authority was the development of the Broadcasting Services Strategy (BSS). The BSS is one of the key means by which the Authority fulfils its statutory objective of endeavouring to ensure that the number and categories of broadcasting services in the State best serve the needs of the people of Ireland and that they are open and pluralistic in nature.

The BAI was ambitious in its vision, aware of the current economic realities, but focussed on a future which holds more promise and offers greater possibilities for broadcasters. The participation of all stakeholders was essential to the process of developing the BSS and in this regard a public consultation took place on the draft Strategy and a targeted stakeholder conference was held in September.

In developing the Strategy, the Authority was aware that its starting point should be the existing broadcasting environment in Ireland and that it needed to be cognisant of the range of legislative, economic, regulatory and technological factors impacting on the provision of services.

The vision articulated in the BSS sees Irish society served by a vibrant mix of public service, commercial and community broadcasters, operating at national, regional and community level and complemented by a mix of niche services.

The objectives of the Strategy are grounded in the statutory provisions and are focussed on serving the diverse needs of Irish audiences, promoting high quality programming and the fostering of creativity and innovation in the sector. The objectives also seek to ensure plurality of viewpoint, outlet and source in the Irish broadcasting sector and that the regulatory practices which underpin the achievement of these objectives are appropriate.

The Broadcasting Services Strategy outlines the manner in which the BAI will give effect to the vision through its licensing processes, the manner in which services are to be regulated, and the BAI's own regulatory policies and practices including the BAI Ownership and Control Policy, the statutory requirements in relation to news and current affairs, provisions in respect of opt-out advertising and programming, as well as issues relating to non-programme functions.

Licensing Plan 2012-2013

Arising out of the Broadcasting Services Strategy, the Authority had regard to what the nature of licensing would be over the period of the strategy and in particular over the period 2012-2013. In light of the fact that many of the commercial sound broadcasting contracts were due to expire in the period, and given that the current economic challenges

limited the scope for the licensing of any new services, it was agreed that the licensing activity in the period would be focussed on the re-licensing of existing services whose contracts were due to expire. In developing its licensing plan, the Authority gave detailed consideration as to whether the existing franchise map should be altered, having regard to the principles of public interest, sustainability and spectrum capacity. The Authority was satisfied that the existing franchise map was sufficient to ensure that the objectives of the Broadcasting Services Strategy could be achieved. This decision was supported through a public consultation process and a representative survey of Irish audiences. The licensing plan was finalised towards the end of the year and was scheduled to be presented to the Contract Awards Committee for implementation early in the New Year.

In considering the approach to the licensing of community radio services, the Authority decided that a more open approach to licensing would be adopted, recognising the evolving way in which community radio becomes established and developed and the need for prospective community services to engage and equip members of the community to participate fully in their service.

Range of Services

The BAI licenses a wide range of television and radio services additional to those provided by the public service broadcasters, RTÉ and TG4. Each year the Contract Awards Committee also reviews and recommends new licence applications.

Commercial television services TV3, 3E and Setanta Sports Ireland broadcast alongside community television services. 37 commercial radio stations broadcast national, regional and local services to a variety of audiences across Ireland and included in this vibrant industry are 26 non-profit community radio services.

In addition to the above, more niche audiences are catered for by institutional radio services operating within hospitals in Cork, Limerick, Dublin and Tipperary.

In 2011, 32 applications were received for temporary sound broadcasting licences for up to 30 days duration; from educational institutions, festivals, and religious organisations, among others. Among these temporary applications were groups availing of the option to broadcast for up to 100 days as a pilot community radio service. The 100 day licences provide an opportunity to such groups to prepare for and progress towards providing a full community radio service.

The BAI also provides contracts for content on cable, satellite and digital terrestrial television platforms. A small number of applications for digital content services were received and processed during the year.

Digital Terrestrial Television (DTT)

The BAI deferred a review of the prospects for the licensing of multiplexes for commercial Digital Terrestrial Television (DTT) until after Analogue Switch Off (ASO) and following the completion of a review by ComReg on the DTT market in Ireland in 2012.

Spectrum Management

The BAI engages with other national and international agencies in spectrum planning activities which is required to support of the implementation of a digital broadcasting policy. A DAB frequency planning meeting took place with the UK authorities in November 2011 to discuss the DAB frequency plan and UK plans for DAB in the following 12-18 months. A meeting was also held between the BAI, ComReg, RTÉNL, Ofcom, BBC and Arqiva to discuss current and future plans for digital radio and how the frequency plans, agreed in Geneva 2006, could be implemented.

DTT planning with the UK continued throughout 2011 with six meetings taking place. The frequency re-planning to accommodate the digital divided took priority. Another major issue was that the rights for north-firing channels at Clermont Carn and Truskmore were maintained. These channels allow for the reception of Irish television services by viewers in Northern Ireland. By the end of 2011, eight channels had been agreed at these sites to the satisfaction of ComReg, the BAI and RTENL.

Broadcasting Fund

Sound & Vision II Scheme

Each year 7% of the revenue generated by the television licence fee is allocated to the Broadcasting Fund. The Fund provides for a scheme, or number of schemes, to support the development of high quality radio and television programmes, in English and Irish, which explore the themes of Irish culture, heritage and experience in contemporary or historical contexts. The current Sound & Vision II Scheme also encompasses the support of programmes to improve adult or media literacy and programmes dealing with global issues impacting on the State and other countries.

Access to Sound & Vision II during 2011 by broadcasters and independent producers continued to enhance significantly the diversity and quality of programme material available to audiences in the State.

€14.9m was received from the Exchequer into the fund in 2011, a slight reduction on the 2010 figure of just over €15m. Five rounds of Sound & Vision II were administered in 2011; two of television, two of radio and one Special Schemes round, while over 700 applications in total were assessed. Over €16m in grant awards were made in 2011, with €11.8m in grants being paid out.

A further significant aspect of the Scheme for the organisation is the negotiation of contracts and the issuing of compliance payments to broadcasters and producers. 212 contracts were signed over the course of the year while an average of 35 projects per month were reviewed and approved for payment.

Radio

The radio industry continued to engage strongly with the scheme with grants totalling €796,000 awarded to support the production of 96 radio projects to be broadcast on 30 radio stations across the country. The package of successful projects included 12 radio drama projects and a mix of documentary, educational and entertainment programmes. The documentary genre incorporated programmes dealing with history and heritage, contemporary society and arts and culture.

Funding Highlights

Notable funding highlights for radio in 2011 included two projects for KCLR FM: a five part radio drama series entitled 'Behind Closed Doors' and 'Full Circle-The Irish Songwriter', a programme featuring Irish artists including Mundy, Eleanor McEvoy and The Republic of Loose. 'Hands and Hearts of the Music Makers', scheduled for broadcast on Newstalk, looks at the process of making a range of musical instruments, while the twelve part series 'Turlough Tales' for RTÉ Junior, will introduce young radio listeners to the flora and fauna of this natural phenomenon.

Television

Announcements in respect of funding for television projects were made in February and September of 2011. Over €14.5m was awarded to support the production of 88 television projects to be broadcast on public service, commercial and community television stations. While the documentary genre continued to be a dominant format for the receipt of funding, there was also strong support for drama, entertainment and animation in the year.

Funding & Broadcast Highlights

In the year preceding the centenary of the sinking of the Titanic, it was perhaps inevitable that a number of projects would be submitted for funding consideration in 2010 and again in 2011. Significant funding support was provided through the Scheme to the major drama project 'Titanic', which was scheduled to be broadcast on TV3 in April 2012.

A documentary on the late, iconic broadcaster Nuala O'Faoláin was also in receipt of support. 'Nuala', presented and co-produced by Marian Finucane, proposed a raw, honest and unsentimental look at the life of the writer and broadcaster and was scheduled for broadcast in the first half of 2012.

Sound & Vision II also provides funding support for returning series and two notable recipients of funding in that regard during the year were 'An Crisis' and 'Trivia', while a new series, 'Scúp' chronicling the story of a returning journalist to an ailing publication in his hometown of Belfast, was also successful in receiving funding through the Scheme.

A two-part series looking at Ireland's natural history and following in the footsteps of the 19th century natural historian, Robert Lloyd Praeger was another high profile project for the Scheme, which was due to commence production in 2012.

'Bernard Dunne's Bród Club' was a major bi-lingual project to receive support in 2011. The series proposed the utilisation of a range of media to encourage people to introduce whatever Irish they have into their day-to-day conversations.

A number of high profile projects which received funding in previous rounds of Sound & Vision II were the subject of awards/critical acclaim in 2011. IFTA nominations and awards were given to 'Stella Days', from award winning director Thaddeus O'Sullivan which was released in cinemas in March 2011; 'The Importance of Being Whatever', an innovative teen drama, broadcast on RTÉ, serialising a modern-day version of Oscar Wilde's 'The Importance of Being Earnest'; Corp + Anam, a TV crime drama broadcast by TG4 and Bernadette: Notes on a Political Journey, which was again broadcast on TG4.

Special Schemes

In June the BAI announced funding decisions for the 2011 Special Schemes round of Sound & Vision II. The Special Schemes round is designed to encourage the development of a particular theme or objective of the Scheme, or to mark anniversaries of major historic or cultural importance. A key requirement is that at least one additional public service non-governmental organisation or private partner is contributing funds and expertise to the project. Another essential element for a Special Schemes project is that there must be a focus on training and development.

€633,000 was allocated through the Special Schemes initiative, to three Irish language projects with the broadcast support of TG4 and Raidió na Gaeltachta respectively and training and development expertise of Gréasán na Meáin. Entitled 'Tús Maith', 'Scéal' and 'Fuaim agus Focal', all three projects will see programme ideas take shape during the training and development process and will culminate in the production of 8 hours of television and 3 hours of radio by new Gaeltacht-based talent. The skills focus for the initiatives are in the areas of writing and directing in the Irish language.

Broadcast Archiving Scheme

Throughout 2011 work was carried out on the development of the Broadcast Archiving Scheme. The aim of the Scheme is to encourage and support the development of an archiving culture in the Irish broadcasting sector as a whole. The Broadcast Archiving Scheme will contribute to the preservation of Ireland's broadcasting heritage and provide the public with additional access to the rich history and culture of broadcasting in Ireland.

The Scheme, to be financed through a percentage of the annual Broadcasting Fund, was submitted for approval to the Minister for Communications, Energy and Natural Resources by the year end and will require the approval of the European Commission prior to its implementation.

The BAI also continued and enhanced its partnership with the Irish Film Institute ("IFI") over the course of 2011. The IFI Film Archive continued to catalogue and archive completed Sound & Vision II TV projects on behalf of the BAI. A total of 54 completed Sound & Vision II TV projects, which represented approximately 300 separate items, were deposited with the Irish Film Archive over this period.

Awareness of the Sound & Vision II Scheme

It is also important for diversity of output that the Sound & Vision II Scheme continues to be promoted in order to improve awareness of its existence and to facilitate access to the fund. Events designed to inform and educate in 2011 included visits to universities, a presentation to media students of Dublin Institute of Technology, a presentation to the National Union of Journalists and regular discussion meetings on the Scheme's potential with industry networks including Screen Producers Ireland and the Association of Independent Producers of Ireland.

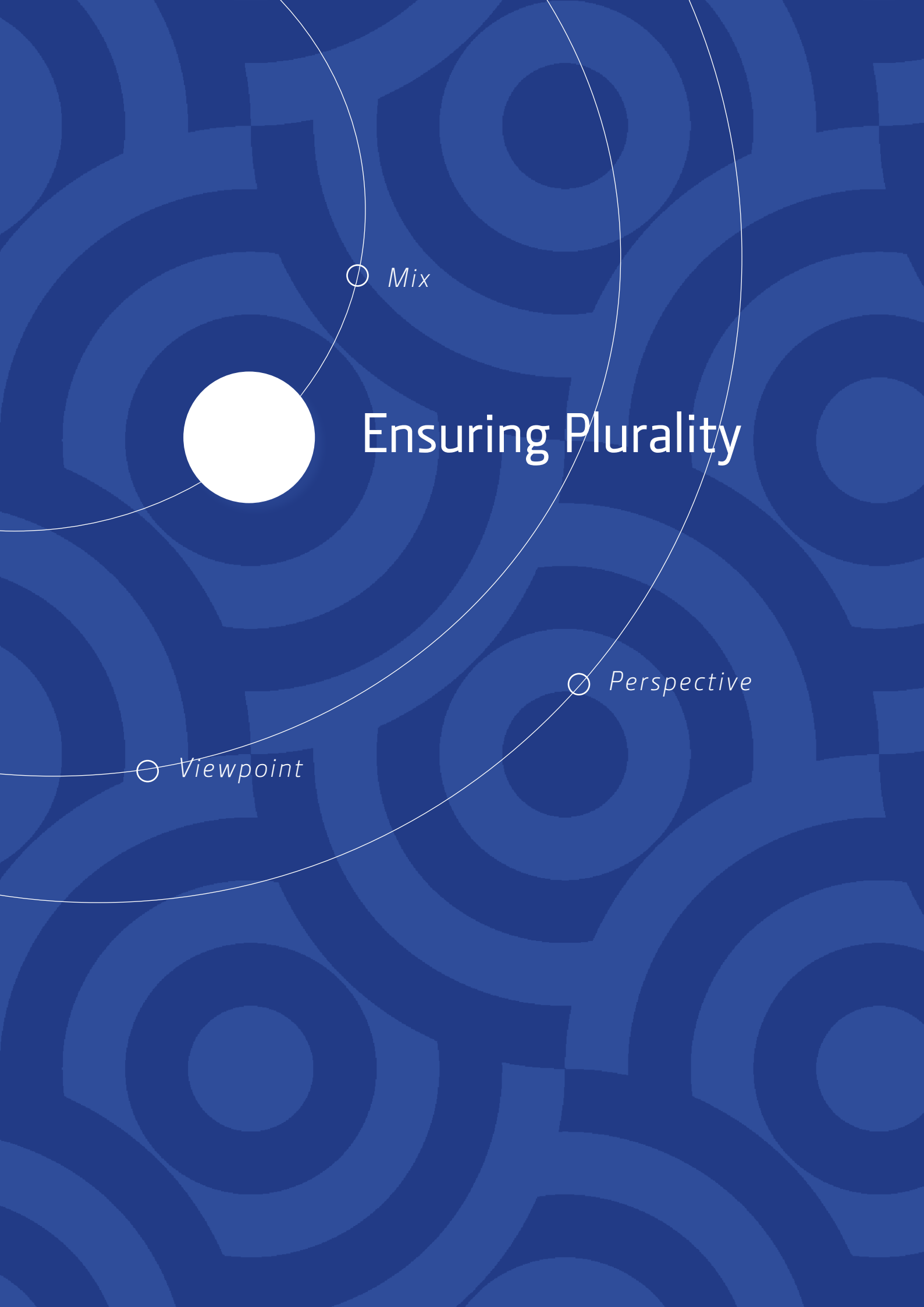
Operation of the Scheme and Statutory Review

The on-going development of a sophisticated Customer Relationship Management system for the organisation has greatly assisted in managing the administration of the Scheme and achieving enhanced efficiency. By the end of 2011, it was envisaged that 2012 will see the advancement of this technology to allow applicants to apply directly online and to further streamline the contracting and compliance processes.

Preparation also began at the end of 2011 for a statutory review of the Scheme in 2012 to examine the impact and effectiveness of the Scheme against its goals.

Trivia - Series I

Grand Pictures


Mix
Ensuring Plurality
Perspective
Viewpoint

It is essential that the principle of ensuring different perspectives and different viewpoints remains central to Irish broadcasting regulation, and that the Irish population has confidence and trust in the ownership, impartiality and objectivity of Irish broadcast news and information sources.

A key strategic objective of the BAI towards ensuring plurality is the facilitation of a broadcasting environment which promotes a mix of public service, commercial and community broadcasting. It is also to establish and implement policies, codes and procedures that promote and support plurality in terms of viewpoint, outlet and source.

Throughout 2011 the BAI monitored the ownership, impartiality and objectivity of Irish broadcast news and information sources, including taking an approach to licensing that prevents undue concentration in the ownership and control of broadcasting services

Ownership and Control

Key BAI policies are reviewed and updated regularly so they remain relevant and effective in ensuring plurality. In light of the development of the Broadcasting Services Strategy and a related Licensing Plan for the 2012-2013 period, the Authority determined that it would be appropriate to review the BAI Ownership and Control Policy in advance of the re-advertisement of the majority of the existing commercial radio services. The scope and approach to the policy review was agreed by the Authority with a stakeholder consultation being a key mechanism to generate external input into the review. This consultation was run in parallel with the consultation on the Broadcasting Services Strategy, as a number of issues pertaining to both the policy and the strategy overlapped.

The outcomes of the consultation were considered by the Authority at their November meeting and the key elements, of the Policy, as proposed in the consultation document remained unchanged. A new element in the revised policy was the application of additional factors for consideration should an individual or company wish to move from 20% to 25% ownership of the total number of sound broadcasting services. It was further agreed that the section of the policy addressing concrete indicators of diversity would be reviewed when the Consumer and Competition Bill was enacted.

The revised BAI Ownership and Control Policy was finalised in December and scheduled for launch in the first quarter of 2012.

Fairness, Impartiality and Objectivity

A key duty for broadcasters is that all news broadcast by them is reported in an objective and impartial manner and that the treatment of current affairs is fair to all interests concerned and is presented objectively and impartially. The Broadcasting Act requires that news and current affairs is presented without any expression of the broadcasters' own views. In 2011, the BAI undertook work to develop a draft Code of Fairness, Objectivity and Impartiality in News and Current Affairs, for the purposes of public consultation. The draft Code was built upon jurisdictional research in the area, together with a comprehensive review of existing broadcasting practice in this area in Ireland. By the end of the year, the draft Code had been approved by the Authority and was scheduled for public consultation in January 2012. The draft Code sets out the objectives to be achieved, the principles underpinning the fairness, objectivity and impartiality rules and a total of 32 rules governing the treatment by broadcasters of news and current affairs content. It is anticipated that the Code will be finalised in 2012 for implementation in 2013. Once introduced, the code will be an important regulatory document for broadcasters to observe and a clear articulation for citizens of the standards they can expect in programming of this nature.

Election and Referenda Coverage

The BAI Broadcasting Code on Election Coverage is intended to balance the important role that broadcasters play in election coverage with their statutory obligation to ensure fair, objective and impartial coverage, while at the same time serving the needs and interests of audiences.

Following public consultation on a draft Code in 2010, a new Code was published in January. The Code included a revised, shortened moratorium period on election coverage, commencing at 2p.m. on the day before polling. In September, following further public consultation, the Code was amended to include Referenda coverage. The Code was in force for the Presidential election and the referenda held in November.

As part of its draft Code of Fairness, Impartiality and Objectivity, the BAI has proposed that the Code on Election and Referenda Coverage would be incorporated into this Code. This would enable the BAI to respond more flexibly to issues arising in respect of election and referenda coverage through guidance and codes of practice.

BAI Broadcasting Services Strategy Consultation Event

Develop

Support

Influencing & Communicating

Network

Inform

Becoming a trusted and informed voice on broadcasting

The BAI supports the development of broadcasting policy, and provides policy advice and recommendations on broadcasting matters to the Minister and relevant bodies and in co-operation with other regulatory bodies. Through proactive engagement with the public, broadcasters and stakeholders, the BAI facilitates and strengthens discourse on the role and responsibility of broadcasting. Within its work the BAI also develops strategic methods of gathering and using data and information in order to underpin an effective, evidence-informed model of decision making.

Analogue Switch Off and Digital Switchover

With the October 2012 switchover from analogue to digital television ("ASO") in the Republic of Ireland and Northern Ireland fast approaching, the BAI continued to participate in the steering group established by the Department of Communications, Energy and Natural Resources, and contribute to the national campaign surrounding the switchover and the Saorview promotional campaign. Meetings with the UK/Ireland ASO group also intensified during the year.

The BAI also ran an "Expressions of Interest" process to determine the level of interest of broadcast content suppliers in providing content for possible inclusion on the free-to-air RTÉ multiplexes. This was as a result of an instruction in February from the Minister through the signing of statutory instrument 67 (Section 26 of the Act) which conferred a number of additional functions on the BAI. The BAI produced a report and recommendations, which was submitted to the Minister in May.

RTÉ Archiving Scheme

During 2011 the BAI received a request from the Minister to review the proposed RTÉ Archiving Scheme. The RTÉ archives collectively encompass the history and culture of public service broadcasting in Ireland from the advent of Radio in 1926 through to the establishment of the first television service in 1962 and down to the present day. The objective of the draft scheme is to provide for the licensing of the use and exploitation by third parties of sound and television recordings, over which RTÉ controls copyright and related rights. A brief analysis was carried out of broadcast archiving practice in other jurisdictions, as well as gathering of feedback from the Department and key stakeholders. The overall assessment returned to the Minister was that the proposed RTÉ scheme is broadly in line with its statutory requirements. In October 2011 the Authority's response was finalised and submitted to the Department of Communications Energy and Natural Resources.

National / International Presence

The BAI continues to participate in national and international fora in relation to broadcasting matters. During 2011, the BAI was present at two meetings of the European Platform of Regulatory Authorities (EPRA) and participated in panels at the meetings and in an online working group on the topic of product placement. The executive also represented Ireland at meetings of the Contact Committee of the European Commission along with representatives of the Department of Communications, Energy and Natural Resources.

Engagement with stakeholders

The BAI communications office plays a key role in upholding the BAI value of transparency and accountability to the public it serves. It responds to a large amount of public and media queries each year, and in 2011 the development of the organisation's Strategy Statement and Broadcasting Services Strategy attracted great interest, as well as the progress of digital terrestrial television and the work on various broadcasting codes and rules. Regular consultation with the public and stakeholders was highly valuable in furthering work on significant project areas such as the Broadcasting Services Strategy, the Access Rules, the Children's Commercial Communications Code, and the development of regulation in relation to product placement. Communication on the BAI's work in 2011 was undertaken through press releases, advertising and maximising website functionality to ensure that interested parties were kept up to date and were afforded an opportunity to engage in many of the organisation's activities.

In 2011 the Authority held a series of targeted meetings with stakeholders to allow for engagement on the broadcasting environment, the regulatory arrangements and to afford stakeholders the opportunity to engage with the Authority. These stakeholders included TV3, RTÉ, TG4, IBI (Independent Broadcasters of Ireland), and CRAOL.

Industry sponsorship is provided by the BAI to support the achievement of the BAI's mission, objectives and policies. Sponsorship helps to raise awareness of BAI activities among our stakeholders whilst also providing vital support to the industry. In 2011, the BAI provided in excess of €143,000 of sponsorship support to a range of events and initiatives including the PPI Radio Awards, the Irish Film and Television Awards, the Student Media Awards, the Jameson Dublin International Film Festival, the Galway Film Fleadh and Sounds Alive (as part of Culture Night). Support was also provided to the Irish language and community media.

Information Audit

The BAI has committed, as part of its Strategy, to develop methods of gathering and using data in order to underpin evidence based models of decision making. The project is a long-term one, with the first phase taking place in 2011. The BAI looked at its own store of information and commenced a full internal audit of this material resulting in information management measures to alleviate both the regulatory burden for stakeholders and the administrative burden internally.

Research

Research is procured by the BAI, as required, to support the principle of evidence-informed decision making by the Authority. The most notable pieces of research undertaken in 2011 were the market and nutritional analyses to support the development of rules in relation to the advertisement of foods that are high in fat salt and sugar (HFSS). Jurisdictional research was also undertaken to assist the Authority in the development of a draft Code of Fairness, Impartiality and Objectivity.

Each year research that has been funded through the Media Research Funding Scheme (MRFS) is shared with the public. In July 2011, the BAI published a research report, resulting from an earlier successful MRFS application, which explored ways in which government-funded programme production schemes contribute to the development and sustainability of the community radio sector.

Protect

Monitoring

Strengthening the Transparency and Accountability of Broadcasters

Commit

Compliance

Holding Broadcasters and Contractors to Account under statute and contract

The BAI has a role in ensuring that broadcast services are based on true audience need; that codes and standards of broadcasting are implemented in such a way as to reflect the public interest and provide appropriate safeguards; and to ensure that public service broadcasters provide value for money to Irish audiences. A range of initiatives and activities were pursued throughout the year in fulfilment of this strategic goal.

Investigation under Section 53 of the Broadcasting Act 2009

Section 53 of the Broadcasting Act provides that the Compliance Committee can conduct an investigation into the affairs of a broadcaster, where circumstances suggest that there is an apparent breach by a broadcaster of its duties under the Act, and the Compliance Committee determines that it is appropriate to investigate and report on the apparent breach.

Following the High Court ruling in relation to RTÉ's Prime Time Investigates programme 'Mission to Prey', the Authority considered a request from the Minister for Communications that the Compliance Committee exercise its powers under Section 53 of the Act to determine whether an investigation should be undertaken.

The Compliance Committee determined that an investigation was warranted, having regard to the legislative obligation to represent the public interest, the correspondence received from the Authority and the Minister, on behalf of the Government, the Correction Order issued by the High Court in relation to the 'Mission to Prey' programme and the acknowledgement by RTÉ that the treatment and defamation of Fr. Kevin Reynolds in the programme was a grave failure of judgment.

The scope of the investigation which was subsequently undertaken encompassed:

- An examination of apparent breaches in respect of the fairness and privacy provisions of the Act, as they related to the treatment of Fr. Reynolds in the programme

- An investigation of the facts relating to the production of the programme up until the point of broadcast, including:
    - an investigation of general programme-making procedures and RTÉ's approach to compliance
    - the development of the programme from concept to broadcast
    - the structures and processes in place for editorial sign-off and compliance with these structures
    - the role of legal advice in the making of programmes in RTÉ
    - scheduling and related matters

The Compliance Committee also agreed the terms of appointment of the Investigating Officer. By the end of the year, Ms. Anna Carragher, the former controller of BBC Northern Ireland, had been appointed and preliminary work on the investigation had commenced. It was anticipated that the investigation would be completed by the end of quarter one, 2012.

As this was the first time that an investigation was conducted by the BAI under section 53 of the Act, an important parallel process was undertaken by the organisation to work through the various legal roles and responsibilities of the Compliance Committee and the Authority under this complex section of the Act.

Public Service Broadcasters (PSBs): Commitments, Performance and Funding

The BAI has a number of functions under statute in relation to Ireland's two public service broadcasters (PSBs), RTÉ and TG4. As part of its role in advancing accountability and transparency in the use of public funds, the Authority has a key responsibility to review and report to the Minister on a yearly basis on the extent to which each PSB has fulfilled the commitments that it set for itself in the preceding year, and the adequacy, or otherwise, of public funding to enable the PSB to meet its public service objects. In addition to this, and within three years of the passing of the Broadcasting Act, the Authority is also required to carry out a comprehensive review of the adequacy of public funding for RTÉ and TG4 to deliver on its public service objects. This larger review is important in taking a more strategic, long-term approach to the needs of both public service broadcasters in the context of developments both nationally and internationally. Its outcomes will serve to inform the decisions of the Minister and the Government in relation to the requisite level of public funding required for both broadcasters.

Annual Statements of Performance Commitments ("ASPC")

Each year, RTÉ and TG4 are required to draw up an annual statement of performance commitments (ASPC) outlining the activities that they intend to engage in, having reference to their respective objects, statements of strategy and public service statements. Both broadcasters are required to consult with the Minister and the Authority in respect of their ASPC and to make the document publicly available. 2011 marked the second year that the Authority was consulted with on the ASPCs.

While recognising that the statement of commitments serves a range of stakeholders and a diverse set of interests, from an Authority perspective the ASPC is important in forming the backbone of subsequent yearly reviews of funding. It is important, therefore, that the commitments set by the PSBs would address the regulatory concerns of the Authority, while at the same time ensuring that the editorial independence of the broadcaster is protected and maintained. To that end, significant work was undertaken by the BAI to develop a framework for the ASPCs, underpinned by a range of principles and encompassing six broad themes under which commitments could be grouped. The BAI also developed a range of suggested performance measures which could be supplemented by measures from the broadcaster. A series of meetings was held with both RTÉ and TG4 to present the proposed framework and by the end of the year progress had been made towards incorporating the BAI's regulatory needs into the ASPC process on the part of both broadcasters.

Public Funding Review

In 2011, Indecon International Consultants were appointed to carry out the 2010 public funding reviews of RTÉ and TG4.

In relation to TG4, the review found that the broadcaster had performed well; it was a broadly efficient organisation providing value for money. Some concern was expressed in relation to the station's declining market share and audience age and gender profile. It was recommended that further work be undertaken by the broadcaster to review the number and nature of its commitments, to focus on key challenges and to give priority to matters of greatest strategic importance. In its recommendations to the Minister, the Authority further recommended that no reduction in public funding be applied to the station, as this would adversely impact its ability to meet its objectives.

The review of RTÉ found that the station met or exceeded its targets. The increased dependence on the licence fee was noted, in the context of deteriorating economic circumstances. The capacity for increased costs efficiencies and savings was identified in the review and the challenges of applying methodologies to measure value for money were highlighted as requiring further consideration in the context of future reviews. The review also questioned whether the commitments set by the broadcaster were sufficiently challenging or high level. Concerns were also expressed in relation to the process of undertaking the review and acquiring the requisite information from the broadcaster. In its recommendations to the Minister the Authority recommended that, in light of the significant efforts being undertaken by RTÉ to reduce its current cost base and address its funding deficit, no reduction in public funding should be applied to the station.

Five Year Review of Public Funding

Project planning on the five-year review of public funding commenced in the second half of the year and the approach to this important piece of work was agreed by the Authority by year end. It was agreed that the review would encompass a number of key elements including market analysis; research on developments in public service broadcasting internationally; the submission by each PSB of costed strategic plans and developments for the five year period; audience research and the development of a framework for future annual reviews of funding. In accordance with the legislative provisions, the BAI also asked the Minister if there were other matters which he wished to see incorporated into the review. Due to the nature of the work and the value of the contract, it was agreed that a public procurement process would be undertaken early in 2012, with a view to having the project completed by the end of that year.

Code of Fair Trading Practice – BAI Guidance for Public Service Broadcasters

Under the Broadcasting Act, each public service broadcaster is required to prepare and publish a Code of Fair Trading Practice, setting out the principles that it shall apply when agreeing terms for the commissioning of programming material from independent producers. The BAI is required to prepare and issue Guidance to PSBs on the format of

a such a code which must then be considered by each PSB. After extensive consultation with key stakeholders, the BAI published its Guidance in April 2011.

The key principle underpinning the BAI Guidance and any code of fair trading practice issued by a PSB is that, in recognition of the various contributions to the production process on the part of an independent producer and a PSB, an independent producer should own the rights in a programme which is commissioned from that producer, unless those rights are explicitly acquired by a broadcaster or another party. This fundamental principle aims to ensure that the contribution of each party to the programme making process is recognised. The BAI Guidance also addresses the format of a PSB code and encompasses issues including categories of rights, production funding, commercial exploitation, archiving, and dispute resolution, among other things.

Once each PSB has developed its Code of Fair Trading Practice, it will be a function of the Authority to review the final code, as part of a consultation process with the Minister.

Compliance

A key objective for the BAI is to ensure that broadcaster compliance measures are fair and proportionate, reflect audience needs and are adequate for the purposes of any reporting which is required under the statute.

With this objective in mind, the organisation developed a new Compliance Policy which was approved by the Authority in the second half of the year. The policy is framed by a number of aims, chief among them the need to ensure a consistent and transparent approach to the BAI's compliance activities; the promotion of a culture of compliance and a commitment to responsible broadcasting within the sector; and the facilitation and support of other areas of BAI work, including licensing and the development of codes and rules. Underpinning the policy is a principle of adopting a risk-based approach to compliance activity. In practice this means that the organisation will, in the future, base its compliance workplan on the identification and prioritisation of risks and the actions required to manage them, relative to the level of resources available. This approach will also incorporate a review of trends and the development of acceptable baseline compliance targets.

The Compliance Committee had reference to the provisions of the Compliance Policy when devising its compliance strategy plans for the remainder of 2011 and into 2012. The Compliance Policy itself was scheduled to be published during 2012, having regard to the establishment and implementation of an Enforcement Policy.

Compliance Plan

Monitoring Broadcaster Output

Monitoring staff at the BAI also monitor broadcasting content by requesting recordings of output from stations. This active listening and watching involves checking for compliance with statutory codes and rules, including a range of requirements on advertising and sponsorship. As part of its contract, each station has an agreed programme policy statement with the BAI. Part of the monitoring process also involves assessing whether broadcast services are meeting the content commitments set out in their contract.

The Broadcasting Act also requires that broadcasters are assessed for their compliance with the Access Rules. The Access Rules contain percentage targets that the relevant broadcasters are required to achieve in respect of subtitling and, in the case of some broadcasters, audio description. The outcomes of the reviews conducted for community, commercial and public service broadcasters in 2011 were considered by the Compliance Committee. As part of its review, the Compliance Committee expressed its concern with the outcomes in respect of the community television services. In the case of public service and commercial television, the Committee found that while overall levels of sub-titling had increased within the industry, the broadcasters were not achieving the agreed targets and/or the quality of sub-titling was not of a sufficient standard. A number of key issues in relation to overall percentages, quality, scheduling were identified by the Compliance Committee as warranting further consideration in the context of the statutory review of the Access Rules.

Annual Performance Reviews

Each year the BAI also takes a wider look at general performance of individual stations. Referred to as Annual Performance Reviews ("APRs") these examinations focus on an individual station's ownership and control, staffing, financial resources, programming and technical compliance and are a mixture of self-reporting and executive analysis. The reviews enable the BAI to keep up to date with the work and performance of individual stations. APR's provide a useful tool for tracking developments and trends in the broadcasting industry and allow for comparative analyses of performance across the sector.

On-Site Visits and Inspections

All licensed broadcasters must also adhere to technical conditions laid down in their contracts. Technical audits are carried out by the BAI each year and in 2011 80 transmitter sites were inspected demonstrating on the whole a very good record of compliance with only one issue of non compliance occurring.

Contractual Variations

Variations to Contract

Throughout the year the Authority receives requests from contractors for variations to their contracts, which range from changes to shareholding structure, changes to staff and requests to requests for permission to alter elements of station programme policy. Dependent on the nature of the contractual change, the changes can either be approved at an executive staff level or are referred to the Authority for consideration and approval.

During 2011, approximately 28 contract variations were requested, of which 22 related to ownership and control changes and 5 related to programming changes, while 1 related to the name change of a service.

Among the changes considered and approved were:

- The networking of the two regional youth services iRadio, operated by Wilton Radio Limited, for a period of two years, commencing on June 1st 2011.

- The acquisition of 99.9% of the shares in Setanta Sports Channel Ireland Limited by Danu Capital Partners Limited.

- The acquisition by Broadcast Investments Limited and Bay Broadcasting Limited of a shareholding of 41.52% each in Star Broadcasting Limited (trading as Sunshine 106.8)

- A name change for Cork Campus Radio. The station was subsequently re-branded UCC 98.3FM

The Authority also considered proposals by Communicorp which would result in changes to a number of their licensed services. However, by year end, the Authority deferred its decision pending the provision of further information in respect of the changes proposed.

CORP + ANAM

Magamedia

Support

Evaluate

Facilitating Learning and Development in the Broadcasting Sector

Network

The BAI engages strategically with broadcasters to establish their development needs and adopt strategies that will support the sector in developing and strengthening its role within the wider media environment.

Sectoral Development

During 2011 the BAI considered and reviewed its existing policy on sectoral development. In conducting the review, the organisation worked in partnership with broadcasters and other relevant stakeholders. Industry networks were invited to attend a workshop to gather feedback and views for developing and strengthening the sector. The BAI also met with broadcaster representatives on an informal basis to gather information on their current approaches to training and development, as well as views on the BAI's existing policy. The process highlighted a number of issues in respect of funding and funding support; the alignment of the policy with the new statutory requirements and the BAI's Statement of Strategy; the requirement for on-going communication between the regulator, broadcasters and industry networks; and the legal requirement for the BAI to collect and disseminate information in relation to the skills requirements for the sector. The outcomes of the review led to the development of a new BAI Sectoral Learning and Development Policy, which was approved by the Authority at the end of the year and was scheduled for implementation in 2012.

Funding and Development Activities

Each year the Authority approves a proposed workplan and budget for sectoral development events and activities. In 2011, €470,000 was allocated towards seven core areas of delivery to the broadcasting sector, of which €300,000 of support was specifically allocated towards the funding of industry networks. Some of the network funding highlights included:

- An AMARC-Europe conference in Dublin, hosted by Community Radio Association of Ireland (CRAOL) and involving 96 participants from 26 countries
- The provision of coaching and mentoring sessions to presenters of various programmes within stations by Learning Waves
- A producers forum workshop to support community television producers, provided by the Community Television Association (CTA)
- An assessment of training needs, conducted by the Association of Independent Radio Producers of Ireland (AIRPI) which resulted in a schedule of tailored training, master classes and networking events.

Other funding beneficiaries included Screen Producers Ireland, Media Desk Ireland, Screen Directors Guild of Ireland, Irish Hospital Radio Network (IHRN) and the Irish Film and Television Academy (IFTA).

The BAI also provided funding of €38,000 through its Community Broadcasting Support Scheme to the community radio and television sector. Funding to the radio sector was used to conduct a nationwide external evaluation of listenership within community franchise areas and the impact of the various services on their local community, while Dublin Community Television received support to complete an evaluation to analyse volunteer participation and representation.

Views

Access

Promoting Responsible Broadcasting and Empowering Audiences

Consultation

Devising Broadcasting Codes and Standards

The BAI views responsible broadcasting as being a shared goal of broadcasters and the regulator and to that end, the organisation keeps the various broadcasting codes and rules under review. This was a key area of focus in 2011, with significant work being undertaken in relation to the regulation of food and drink high in fat salt and sugar and the development of rules in relation to product placement.

Advertising and Children: Diet and Nutrition Rules

In August 2011, the BAI undertook a public consultation on the diet and nutrition rules contained in section 11 of the Children's Commercial Communications Code. This consultation invited views on the manner in which food and drink should be promoted to children on Irish radio and television and the rules and regulations that should be introduced by the BAI, if any. The consultation drew on a report by an Expert Working Group consisting of nutrition and health policy experts and the recommendations of this report acted as the starting point for the consultation. The public and other stakeholders were invited to comment on the recommendations of this group, which included a recommendation to strengthen the diet and nutrition rules included in the current Code. The group also recommended the adoption of a nutrient profiling model developed in the UK for classifying HFSS food and drink.

The consultation received in excess of 230 submissions from the public, health bodies, educational bodies, children, parents and food producers. The quantity and quality of the submissions received during the consultation was a clear demonstration of the strong and varied interest that existed on the matter. As part of its deliberations, the Authority also sought independent expert analysis of the nutrition-related and advertising-related arguments which were raised as part of the consultation process. Further work on revisions to the diet and nutrition provisions of the Code and a second phase of public consultation was scheduled to continue into 2012.

General Commercial Communications Code - Product Placement

The rules applying to commercial communications (including advertising, sponsorship and product placement) are detailed in the BAI's General Commercial Communications Code. A review of the product placement rules contained in this code was undertaken during 2011. As part of a public consultation, the BAI invited views on whether the BAI should permit paid product placement. A wide range of differing views was evident in the responses received to the targeted and public consultation process undertaken, which included a workshop with broadcasters.

The resulting revisions to the product placement rules provided that, from May 2011, Irish broadcasters would be permitted to use paid product placement. The rules introduced are intended to permit broadcasters to secure revenue from paid product placement while also

ensuring that the interests of audiences and the integrity and independence of programme makers are maintained. The rules include some restrictions including a prohibition on the use of paid product placement during news and current affairs, documentaries, religious programming or during talk/chat shows with more than 20% current affairs

Additional rules were also introduced in respect of sponsorship of programmes and free product placement. The revised Code was launched in early May 2011.

Access Rules

The Broadcasting Act 2009 requires that broadcasters must take measures to ensure that people who are deaf, hard-of-hearing, partially sighted or blind have access to programmes transmitted on their service. The Access Rules require broadcasters to meet targets for subtitling, consult with user groups and promote its access services. RTÉ1 and 2 also have additional requirements to meet targets for Irish Sign Language and audio description and the subtitling of children's programming.

A statutory review of the Access Rules was undertaken in 2011, which involved research, consultation with users of access services and a review of progress made by broadcasters. Revised access rules were devised to address issues of availability, reliability, and quality in relation to access services. The consultation was launched in December 2011 with the aim of launching the revised rules in the second half of 2012.

Rules on advertising and teleshopping (Daily and Hourly Limits)

When the BAI revised its Rules on Advertising and Teleshopping in 2010, increasing the advertising limits for independent commercial television stations, it committed to a review of the impact of the Code after twelve months of operation.

In September 2011, the Authority launched a two-stage approach to the review of the rules. The first stage involved a targeted consultation with stakeholders who are in competition for advertising revenue with independent commercial television services. The second stage involved a critical analysis of the questionnaire responses of the stakeholders by a suitably experienced consultant/advertising market analyst. The subsequent report concluded that there was insufficient data at this early stage to assess the impact of Rules. The Authority was scheduled to consider the findings of the report and its implications early in the New Year.

Informing, Educating and Empowering Audiences

General communication between broadcasters and audiences – complaints handling process.

People have the right to critique broadcasting content and to challenge broadcasting outputs through the provision of feedback directly to broadcasters and through the BAI's complaints process.

In 2011, the BAI worked closely with broadcasters to ensure that a Code of Practice for Complaints Handing was in operation in each station. Codes of Practice are now available on the websites of each broadcaster. From May 2011, the BAI made the transition requiring that all complaints should, in the first instance, be made to the broadcaster. The broadcaster is required to handle any complaint in line with its published Code of Practice for Complaints Handling. A complainant can then refer their complaint to the BAI if they are unhappy with the response from the broadcaster or if the broadcaster does not acknowledge or respond to the complaint.

218 complaints were formally processed by the BAI in 2011. Of the 218 complaints, 100 were resolved to complainants' satisfaction, upon receipt of a response from broadcaster to the BAI; 2 complaints were withdrawn by the complainant; 4 were withdrawn on the basis of anonymity; and 2 were deemed to be invalid complaints.

The BAI uses its Executive Complaints Forum (ECF) for the initial consideration of certain complaints, according to principles and procedures set down by the Compliance Committee for the operation of the ECF. The ECF resolved 52 of the complaints received in the year and the remaining 58 complaints were referred for consideration to the Compliance Committee. 16 complaints were upheld by the Committee, 1 was upheld in part and 41 complaints were rejected.

Table outlining complaint handling by the BAI in 2011.

Complaints carried over from 2010:		Complaints processed in 2011 Complaint Category Total		Outcomes complaints processed in 2011	
Resolved	14	Fairness, objectivity & impartiality	101	Resolved	100
Resolved at ECF	8	General Commercial Communications Code	18	Resolved at ECF	52
Withdrawn anonymity	1	Law and Order Privacy of an Individual	2	Withdrawn anonymity	4
Rejected	4	The Code of Programme Standards	2	Withdrawn by complainant	2
Upheld	2	Invalid	94	Invalid	2
				Considered by Compliance Committee	
Upheld in part	1		1	Upheld	16
				Upheld in part	1
				Rejected	41
TOTAL 30		**TOTAL 218**		**TOTAL 218**	

All decisions are published on the BAI website.

The Right of Reply Scheme

In May 2011, the Right of Reply Scheme came into operation. The Scheme is set within detailed legislative parameters and provides a mechanism for a person to seek the correction of incorrect facts or information which has been broadcast about a person, where such items broadcast have impugned that person's honour or reputation. The purpose of the Scheme is to provide speedy redress for any person wishing to exercise his/her right to the correction of incorrect facts or information, with the potential of avoiding time consuming and costly legal proceedings normally involved in such a process.

No request for a right of reply was received under this scheme during the remainder of the year.

Media Literacy in an Irish Context

An objective of the BAI is to seek to promote media literacy initiatives, which will enhance the public's ability to appreciate and evaluate programme content and to understand, interact with and participate in the broadcasting environment. The BAI promotes media literacy in its approach to the development and revision of its various codes and standards for broadcasting; in its research activity, through aspects of the work carried out by the networks it supports and, more recently, through event sponsorship. In early 2011 the BAI sponsored a Media Desk Ireland 'Media Literacy Event'.

In 2011, a mapping exercise was also carried out to identify media literacy activity in Ireland at present and put it in an international context. This included engagement with stakeholders on the subject during the year, seeking the perspectives of the industry and those of the educational and promotional bodies working in the area of media literacy.

Access Rules consultation launch

Performance

Accountability

Governance and Organisational Development

Progress

Development

Developing the BAI as an agile, effective and professional public service organisation

The complexity of the BAI's structure, as devised by statute, demands a strong cohesive organisation which must work together effectively and efficiently. Resource challenges have led to significant changes in work practices and the optimisation of resources in order to respond to a demanding three-year workplan.

The organisation is also committed to a robust governance framework and in recognition of the importance of this area of the BAI's activity, the Authority has established a sub-committee of its members to form a Finance, Audit and Risk (FAR) Committee.

This section of the Annual Report provides an overview of organisational developments during the year, reports on the activities of the FAR Committee and provides an overview of progress made in respect of commitments under the Croke Park Agreement.

Functioning of Authority and Statutory Committees

In 2011 the BAI reviewed the functioning and performance of the Authority, as it is required to do annually under the Code of Practice for the Governance of State Bodies. A number of recommendations were made and implemented and these will be reviewed again in 2012. Meetings of the three Chairpersons were held on a quarterly basis and matters discussed included the strategy and work-plan, resource supports, corporate governance matters and communications between the Authority and Committees.

The BAI also adhered to all Statutory and Code of Practice governance obligations, including ensuring that financial reporting and the submission of three year estimates were fulfilled.

Finance, Audit and Risk Committee (FAR)

The FAR committee was established by the Authority in 2010. The committee has a range of responsibilities and duties as outlined in its Terms of Reference. These encompass the areas of systems of internal control, external audit and internal audit, risk management and financial procedures. The FAR committee is required to brief the Authority not less than four times a year in respect of its various duties and its terms of reference are reviewed on a yearly basis to ensure that they remain current and relevant.

Under its terms of reference the FAR is required to meet at least four times per year. The Committee met 6 times during 2011 and considered a range of matters, an overview of which is provided below:

Finance:

The FAR Committee plays a central role in relation to the review of the organisation's monthly management accounts and general oversight of the financial affairs of the organisation. It also considers the unaudited and audited financial statements and the half-yearly statements of the Broadcasting Authority of Ireland and the Broadcasting Fund and presents and recommends their adoption to the Authority in each year. The FAR's role also extends to consideration of the organisation's three year estimates.

Audit:

The Committee oversees external and internal audit. Over the course of 2011, the Committee continued to implement the three year internal audit plan. Three internal audits were conducted in 2011 in the areas of BAI Levy, Financial Planning & Management, and Compliance with the Code of Practice for the Governance of State Bodies. The FAR also liaised with the Office of the Comptrollerand Auditor General in respect of the audit of the organisation's financial statements, including meeting with representatives of the C&AG in June.

Risk:

Risk management in an essential piece of work for a public service organisation. A 'Risk Management Framework' was developed and approved by the Authority in January 2011. The framework outlines the Authority's practical processes and mechanisms in place to manage risk. Key elements included the compilation of a risk register, the appointment of a risk officer, regular reporting on risk and the incorporation of risk management into project management in the BAI. The risk register was approved by the Authority in June and was a standing item for review on the FAR agenda thereafter.

Treasury management:

The FAR considered policy issues and reviewed investments of the organisation on an on-going basis, in addition to monitoring the organisation's cashflow.

Policy review:

In addition to the BAI Investment Policy, other policies considered by the FAR in 2011 included the Travel & Subsistence Policy and the BAI Credit Card Policy. In addition, a policy on levy escalation procedures for non-payment of the levy was endorsed by the FAR and was scheduled for recommendation to the Authority at year end.

Levy Review:

The FAR considered the outcomes of the levy review and endorsed recommendations in respect of process improvements, which were scheduled for consideration and approval by the Authority in early 2012.

Strategy Statement and Work Planning

The BAI's first Statement of Strategy was launched in early January and a three year workplan, arising from the Strategy was published in the first quarter of the year. Progress towards the achievement of the key deliverables within the workplan is reviewed quarterly by senior management and a mid-year review is undertaken by the Authority

Public Service Agreement 2010-2014

Under the terms of the Public Service (Croke Park) Agreement 2010-2014, the BAI has made a range of commitments with the aim of improving its human resource management, its business processes and its service delivery to the citizen. As well as reporting on progress to the Department of Communications, Energy and Natural Resources every six months, in common with all public service agencies, the BAI also committed to reporting on progress in its Annual Report each year.

Better Human Resource Management

Strengthening the Performance Management and Development Process (PMD)

A central aspect to the BAI's proposed actions in this area is specifically addressing the manner in which performance is addressed, rewarded and challenged and in ensuring that the approach to performance management and development is aligned with the organisation's new matrix structure. By the end of the year, the BAI PMD Policy had been revised and was being finalised. A workshop with senior managers had taken place and planning for the policy's roll-out and implementation in 2012 were finalised.

Project Management Office (PMO)

The BAI introduced a PMO in 2011 in order to standardise the methodology for project management across the organisation. The PMO has increased the visibility of resource usage, supported decision making with regard to resource allocation, and has facilitated the assessment and management of project risk.

Better Business Processes

Legal Services Procurement: The BAI established a Legal Services Framework for the procurement of legal services required by the organisation. A total of nine companies are in the framework covering the full spectrum of legal work required by the Authority. The framework has had the positive effect of reducing dependency on one company, has facilitated access to increased expertise and has reduced the turnaround time for receipt of legal advice.

IT Initiative: In 2011 the BAI commenced an IT initiative over a three year period with the aim of having a more technology-driven service with increased efficiency of operations. The long-term aim of the project is to see service provision on-line as the norm. Work in 2011 focussed on the development of a CRM solution, focussing initially on the automation of many elements of the Sound & Vision II Funding Scheme.

Staff Training and Development: The organisation committed itself to the delivery of a range of training initiatives in 2011, many of which were delivered internally at no additional cost to the organisation. The organisation had also commenced the process of up-skilling staff in the area of project management and plans were devised to train staff in Prince 2 Methodology.

Better Business Processes

Electronic File Transfer: Payment by EFT had been extended to all BAI suppliers by the end of the year, increasing the efficiency of payments to suppliers and reducing the processing time involved on the part of BAI staff.

Increased access to information via the web: Significant work was undertaken in 2011 in re-designing the BAI web-site to enable easier access to material. The web interface was also redesigned to better facilitate the ability to update information, without having to have recourse to external support.

The ease and effectiveness by which citizens and broadcasters have access to timely and understandable information is constantly being developed. A key aspect of this delivery for the BAI is the provision of information in multiple formats. There was considerable engagement with the public through public consultation processes in 2011 and the organisation has been active in the utilisation of digital and social media in order to publicise events of interest to citizens.

Broadcasting Authority of Ireland Financial Statements

Financial Statements

for the Year ended 31st December 2011

Statement of Responsibilities of the Broadcasting Authority of Ireland

Pursuant to the terms of the Broadcasting Act 2009 (the Act), the Broadcasting Authority of Ireland (BAI) is responsible for preparing financial statements for the year 1st January 2011 to 31st December 2011, so as to give a true and fair view of the state of affairs of the Broadcasting Authority of Ireland as at 31st December 2011 and of its income and expenditure for the year then ended.

In preparing those financial statements, the Authority is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in operation;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Broadcasting Authority of Ireland is responsible for:

- Keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Authority and enable it to ensure that the financial statements comply with paragraph 37(2) of the Schedule to the Broadcasting Act 2009 and are in a form approved by the Minister for Communications, Energy and Natural Resources after consultation with the Minister for Finance.
- Safeguarding the assets of the Broadcasting Authority of Ireland and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chairperson

Member of Authority

Statement on Internal Financial Control

Responsibility for System of Internal Financial Control

On behalf of the Broadcasting Authority of Ireland, I acknowledge the Authority's responsibility for ensuring that an effective system of internal financial control is maintained and operated as required under the Code of Practice for the Governance of State Bodies.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected in a timely period.

Key Control Procedures

The Authority has taken steps to ensure an appropriate control environment by:

- Clearly defining management responsibilities;
- Establishing formal procedures for reporting significant control failures and ensuring corrective action.

The Authority has established processes to identify and evaluate business risks by:

- Identifying the nature, extent and financial implication of risks facing the body, including the extent and categories which it regards as acceptable.
- Assessing the likelihood of identified risks occurring.
- Assessing the Authority's ability to manage and mitigate the risks that do occur.

The system of internal financial control was based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular it included:

- A comprehensive budgeting system with an annual budget which was reviewed and agreed by the Authority.
- Regular reviews by the Authority of periodic and annual financial reports, which indicated financial performance against forecasts.
- Setting targets to measure financial and other performance.
- Clearly defined capital investment control guidelines.

An internal audit function is operated, the work of which is informed by analysis of the risk to which the body is exposed. The annual audit plan is based on this analysis.

The Authority's monitoring and review of the effectiveness of the system of internal financial control was informed by the work of the internal auditor, the Finance, Audit & Risk Committee which oversaw the work of the internal auditor, the executive managers within the Broadcasting Authority of Ireland who had responsibility for the development and maintenance of the financial control framework, and comments made by the Comptroller and Auditor General in his management letter or other reports.

Annual Review of Controls

I confirm that for the year ended 31st December 2011, the Authority conducted a review of the effectiveness of the system of internal financial control.

Signed on behalf of the Broadcasting Authority of Ireland.

Chairperson

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Broadcasting Authority of Ireland

I have audited the financial statements of the Broadcasting Authority of Ireland for the year ended 31 December 2011 under the Broadcasting Act 2009. The financial statements, which have been prepared under the accounting policies set out therein, comprise the Statement of Accounting Policies, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and Generally Accepted Accounting Practice in Ireland.

Responsibilities of the Authority

The Authority is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of the Broadcasting Authority of Ireland affairs and of its income and expenditure, and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Authority's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

Opinion on the Financial Statements

In my opinion, the financial statements, which have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland, give a true and fair view of the state of the Authority's affairs at 31 December 2011 and of its income and expenditure for the year then ended.

In my opinion, proper books of account have been kept by the Authority. The financial statements are in agreement with the books of account.

Matters on which I Report by Exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where moneys have not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the Statement on Internal Financial Control does not reflect the Authority's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.

Andrew Harkness
For and on behalf of the
Comptroller and Auditor General
29 **June 2012**

Statement of Accounting Policies

Accounting Convention

The Financial Statements for the Authority, which are in the form approved by the Minister for Communications, Energy and Natural Resources with the consent of the Minister for Finance, have been prepared on an accruals basis, except as stated below, under the historical cost convention and in accordance with Generally Accepted Accounting Principles. Financial reporting standards recommended by the recognised accountancy bodies are adopted as they become applicable. The unit of currency in which the financial statements are denominated is the Euro.

Income

Levy

The Authority's main source of income is generated from levies raised on public service broadcasters and broadcasting contractors as required under Section 33(1) of the Broadcasting Act 2009. The levy is used to fund the expenses of the operation of the Authority and the statutory committees and is based on budgeted expenditure for a given financial year.

Under Section 33(5) of the Broadcasting Act 2009, any surplus of levy income over the expenses incurred by the Authority in the discharge of its functions relevant to that levy in a particular financial year shall either be retained by the Authority to be offset against levy obligations for the subsequent year, or be refunded proportionately to the providers of broadcasting services on whom the levy is imposed.

The basis of the calculation of the levy is detailed in the Broadcasting Act 2009 (Section 33) Levy Order 2010.

Licence Fee Income

Further to the provisions of the Broadcasting Act 2009, the BAI is responsible for the awarding of contracts for television and radio services on a variety of platforms. In general, the BAI enters into two kinds of contracts with broadcasting operators as follows:

- Broadcasting Contracts
- Content Provision Contracts

Applicants for broadcasting contracts or content provision contracts must pay an application fee to the BAI. These fees are set by the BAI and may vary depending on factors such as the nature of the service in question; the duration of the contract applied for; the size of the franchise area and the nature of the service being provided.

Other Income

Other Income is brought to account over the period to which it relates.

Fixed Assets & Depreciation

Depreciation is provided in respect of all tangible fixed assets and is calculated to write down the cost of each asset to its estimated residual value over its estimated useful life by equal annual instalments as follows:

-	Computer Equipment	33%
-	Office Equipment	20%
-	Fixtures and Fittings	10%
-	Leasehold Improvements	10%
-	Audio/Technical Equipment	33%
-	Motor Vehicles	25%

A rate of 10% has been provided for in respect of improvements carried out to the Authority's offices at 2-5 Warrington Place as it is envisaged that the Authority will retain its tenure on these offices without the need for significant improvement for at least 10 years. The lease on these premises expires in 2021.

Capital Account

The Capital Account represents the unamortised amount of income used to purchase fixed assets.

Pensions

The Broadcasting Authority of Ireland operates a defined benefit pension scheme. The Authority has an arrangement with the Department of Communications, Energy & Natural Resources (DCENR) under which the Authority will be reimbursed all monies required to settle the pension obligations when they fall due. In return, the Authority is required to pay DCENR an amount equal to employee contributions for the year plus an employer contribution at rates set by the Department of Finance.

Pension costs comprise the employer's contribution in respect of the year.

Pension liabilities represent the present value of future pension payments earned by staff to date. An asset, equal in amount to this liability and which represents the amounts to be reimbursed in future periods by DCENR for pensions as they fall due for payment, is recognised based on the pension funding arrangement in place.

Leasing

Rental payments under operating leases are dealt with in the Income and Expenditure Account as incurred.

Taxation

The Authority is not liable for Corporation Tax. Income raised by the Authority is subject to VAT.

Income and Expenditure Account

for the year ended 31st December 2011

	Notes	2011 € '000	2010 € '000
Income			
Levy	1	5,602	5,655
Licensing Fees	2	5	10
Other Income	3	506	397
Gross Income		**6,113**	**6,062**
Transfer from/(to) Capital Account	9	334	332
Net Income		**6,447**	**6,394**
Expenditure			
Staff Costs	4	1,571	1,837
Pension Costs	13(c)	208	248
BAI Members Fees	11	111	107
Consultancy Fees		545	579
Legal Expenses		83	283
Advertising		43	46
Administrative Expenses		423	337
Auditors' Renumeration		11	15
Grant and Development Payments		426	480
Premises and Related Expenses		923	896
Depreciation		373	372
Loss on Disposal of Fixed Assets		-	3
		4,717	**5,203**
Surplus/(Deficit) in Income over Expenditure		**1,730**	**1,191**
Refund of Levy	1	(1,896)	(997)
(Deficit)/Surplus after Refund of Levy		**(166)**	**194**
Balance at beginning of the year		**742**	**548**
Balance at the end of the year		**576**	**742**

The Statement of Accounting Policies and Notes 1–15 form part of these Financial Statements. The Financial Statements were approved by the Authority on the 18th June 2012 and signed on its behalf by:

Chairperson

Member of Authority

Chief Executive

Balance Sheet

as at 31 st December 2011

	Notes	2011	2010
		€ '000	€ '000
Fixed Assets			
Tangible Fixed Assets	5	410	744
Current Assets			
Debtors	6	1,374	1,160
Cash at Bank and on Hand		1,573	2,552
Short Term Deposits	7	1,508	-
		4,455	3,712
Current Liabilities			
Creditors (amounts due within one year)	8	(3,879)	(2,470)
Loan Facility	15	-	(500)
		(3,879)	(2,970)
Net Current Assets		576	742
Deferred Pension Asset	13	5,165	4,251
Pension Liabilities	13	(5,165)	(4,251)
Net Assets		**986**	**1,486**
Represented by			
Income and Expenditure Account		576	742
Capital Account	9	410	744
		986	**1,486**

The Statement of Accounting Policies and Notes 1–15 form part of these Financial Statements. The Financial Statements were approved by the Authority on the 18th June 2012 and signed on its behalf by:

Chairperson

Member of Authority

Chief Executive

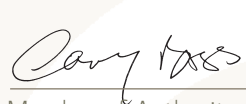
Cashflow Statement

for the year ended 31 st December 2011

	2011	2010
	€ '000	€ '000
Reconciliation of Operating Surplus to Net Cash Inflow/(Outflow) from Operating Activities		
(Deficit)/Surplus for the Year	(166)	194
Returns on Investments	(10)	-
Depreciation Charge	373	372
(Profit)/Loss on Sale of Tangible Fixed Assets	-	3
Transfer (from)/to Capital Account	(334)	(332)
(Increase)/Decrease in Debtors	(212)	(882)
Increase/(Decrease) in Creditors	1,409	1,696
Net Cash Inflow/(Outflow) from Operating Activities	**1,060**	**1,051**
Cashflow Statement		
Net Cash Inflow/(Outflow) from Operating Activities	1,060	1,051
Return on Investments		
Interest Received	8	0
Capital Expenditure		
Payments to Acquire Tangible Fixed Assets	(39)	(43)
Sale of Tangible Fixed Assets	-	-
Management of Liquid Resources		
Loan Drawdown	(500)	500
(Invested)/Withdrawn in Short-term Deposits	(1,508)	879
(Decrease)/Increase in Cash Balances	**(979)**	**2,387**

The Statement of Accounting Policies and Notes 1–15 form part of these Financial Statements. The Financial Statements were approved by the Authority on the 18th June 2012 and signed on its behalf by:

Chairperson



Member of Authority

Chief Executive

Notes to the Financial Statements

for the year ended 31st December 2011

Notes to the Financial Statements

for the year ended 31st December 2011

1. Levy

Section 33 of the Broadcasting Act 2009 requires the Authority to recoup the expenses properly incurred by the Authority and the statutory committees in the performance of their functions through the imposition of a levy or charge on public sector broadcasters and broadcasting contractors. The terms of this Levy, including method of calculation, are set out in Statutory Instrument No.7 of 2010, Broadcasting Act 2009 (Section 33) Levy Order 2010 (the 'Levy Order').

On 22nd January 2010, in exercise of the powers conferred on it by Section 33 of the Broadcasting Act 2009, the Authority published the Levy Order. The Levy Order came into operation on the 17th January 2010.

The amount levied on broadcasters in 2011 was €5,602k. At the year end the amount of the levy refundable to broadcasters is €1,896k which comprises the surplus of levy income over expenditure arising in the year of €1,684k and adjustment of €212k arising from a recalculation of the surplus arising in respect of 2010.

2. Licensing Fees

Licensing Fees	2011 €'000	2010 €'000
Commercial Radio Licensing Fees	–	–
Other Radio Licensing Fees	–	–
Television Licensing Fees	4	2
Other Licensing Fees	1	8
	5	10

3. Other Income

Other Income		
Deposit Interest Income	10	–
Rental Income	51	117
Other Income	445	280
	506	397

Notes to the Financial Statements

for the year ended 31st December 2011

4. Staff Costs

	2011	2010
	€'000	€'000
Wages and Salaries	1,481	1,718
Social Welfare Costs	90	119
	1,571	1,837

The figure of €1,571k in 2011 is net of salaries recharge of €489k in respect of the Broadcasting Fund.

The average number of persons employed by the Authority during the year was as follows:-

	2011	2010
Management	17	17
Administration	21	21
	38	38

Notes to the Financial Statements

for the year ended 31st December 2011

5. Tangible Fixed Assets

	Total	Computer Equipment	Office Equipment	Fixtures & Fittings	Leasehold Improvements	Technical Equipment	Motor Vehicle
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Cost							
At 31.12.2010	4,109	491	109	679	2,597	173	60
Additions	39	25	8	2	-	4	-
Disposals	(6)	-	(6)	-	-	-	-
At 31.12.2011	4,142	516	111	681	2,597	177	60
Depreciation							
At 31.12.2010	3,365	457	91	485	2,099	173	60
Charge for Year	373	35	9	68	260	1	-
Disposals	(6)	-	(6)	-	-	-	-
At 31.12.2011	3,732	492	94	553	2,359	174	60
Net Book Value							
At 31.12.2011	410	24	17	128	238	3	-
At 31.12.2010	744	34	18	194	498	-	-

6. Debtors

	2011	2010
	€'000	€'000
Debtors	676	888
Prepayments	202	207
Broadcasting Fund	481	52
Others	15	13
	1,374	1,160

Notes to the Financial Statements

for the year ended 31st December 2011

7. Short Term Deposits

	2011 €'000	2010 €'000
Balance at 1st January	-	879
Additions	1,508	-
Withdrawals	-	(879)
Investments represented by bank deposits at 31st December	1,508	-

8. Creditors (Amounts due within one year)

Trade Creditors	57	155
Levy Refundable to Broadcasters	2,893	997
Superannuation Contributions repayable to DCENR	343	771
Accruals	238	198
VAT/PAYE/PRSI/Withholding Tax	326	345
Others	22	4
	3,879	2,470

The Levy refundable to Broadcasters figure of €2,893k represents a surplus of levy income over actual expenditure incurred for the period 17th January 2010 to 31st December 2010 and year ended 31st December 2011. On receipt of certified information from broadcasters, an amount of €1,209k relating to the 2010 Levy was offset against the first instalment of the 2012 levy or refunded in 2012. The 2011 Levy refund of €1,684k will be refunded or offset against the third instalment of the 2012 levy.

Notes to the Financial Statements

for the year ended 31 st December 2011

9. Capital Account

Balance at 1st January	744	1,076
Transfer to/(from) Income and Expenditure Account:		
Funding of Asset Additions	39	43
Amortisation in line with Asset Depreciation	(373)	(372)
Amounts Released on Asset Disposals	-	(3)
	(334)	(332)
Balance at 31st December	410	744

10. Chief Executive's Remuneration

By letter of 13th October 2009, the Minister for Communications, Energy and Natural Resources appointed the Chief Executive of the BCI, Mr. Michael O'Keeffe, to the position of interim Chief Executive of the Broadcasting Authority of Ireland, pursuant to Section 14(7) of the Broadcasting Act 2009. The appointment was for a period of one year, commencing on 1st October 2009 and ending on 30th September 2010. A contract of employment covering this period was entered into by the Interim Chief Executive and the Broadcasting Authority of Ireland on 15th February 2010.

By letter dated 30th September 2010, the Minister for Communications, Energy and Natural Resources, approved in principle the appointment of the Interim Chief Executive to the position of Chief Executive with the Broadcasting Authority of Ireland, pursuant to Section 14(12) of the Broadcasting Act 2009. The approval in principle was for a period of 2.5 years, commencing on 1st October 2010. The approval was subject to the Minister's approval of the terms and conditions of a new contract of employment for Mr. O'Keeffe, which approval would also be subject to the consent of the Minister for Finance, pursuant to Section 14(5) of the 2009 Act. The matter of a contract of employment between the Chief Executive and the Broadcasting Authority of Ireland has not, as yet, been concluded.

The Chief Executive was employed at a rate of €121,208 per annum.

The total value of remuneration of the Chief Executive in the year ended 31st December 2011 was €120,790 and an employer's superannuation contribution was made of €20,132.

The CEO's pension entitlements do not extend beyond those standard entitlements of the Public Sector Model Scheme. No perquisites/benefits or bonus was paid to the CEO this year.

Notes to the Financial Statements

for the year ended 31st December 2011

11. Authority and Committee Members

Payment of Fees and Expenses

The Authority paid fees and expenses to its Authority Members and to Members of the Compliance Committee and Contracts Awards Committee in accordance with Department of Finance regulations and circulars. The Authority applied the decision of the Government of 20th June 2006 in respect of fees for members of State bodies. The following are the fees and expenses paid to BAI Authority Members, Members of the Compliance Committee and Members of the Contracts Awards Committee

Broadcasting Authority of Ireland	Fees	Expenses
Bob Collins	€8,978	€554
John Waters	€5,985	Nil
Paula Downey	€5,985	Nil
Dr. Maria Moloney	€5,985	€4,733
Michelle McShortall	€5,985	€1,726
Michael Moriarty	€5,985	€541
Siobhán Ní Ghadhra	€5,985	€1,636
Prof. Colum Kenny	€5,985	€424
Larry Bass	€5,985	Nil

Compliance Committee		
Prof. Chris Morash	€8,978	€149
Aidine O'Reilly	€5,985	Nil
Edel Hackett	€5,985	€337
Paula Mullooly	€5,985	Nil
Paula Downey	Nil	Nil
John Waters	Nil	Nil
Ciarán Kissane	Nil	Nil
Neil O'Brien (Finished Sep 2011)	Nil	Nil
Stephanie Comey (Started Nov 2011)	Nil	Nil

Contracts Awards Committee		
Siobhán Bourke	€8,978	Nil
David Barniville SC	€5,985	Nil
Eimear McGovern	€5,985	Nil
Neil Leyden	€5,985	Nil
Prof. Colum Kenny	Nil	Nil

Notes to the Financial Statements

for the year ended 31st December 2011

Payment of Fees and Expenses Contd

Michael Moriarty	Nil	€150
Celene Craig	Nil	Nil
Anne O'Brien (Finished Sep 2011)	Nil	Nil
Neil O'Brien (Started Nov 2011)	Nil	Nil

One Person One Salary

In October 2011, the BAI were informed of changes by the Department of Public Expenditure and Reform to the "One Person One Salary" arrangements. The revised arrangements would have an impact on a number of members of the Authority and the Statutory Committees. The BAI sought guidance from the Department of Communications, Energy and Natural Resources, in relation to implementation of the revised arrangements, and a response is awaited.

Disclosure of Transactions

In the normal course of business, the BAI may approve the award of contracts and grants to undertakings in which BAI Authority & Committee Members are employed or otherwise interested.

The BAI has adopted procedures in accordance with the provisions of the Broadcasting Act 2009 and the guidelines issued by the Department of Finance in relation to the disclosure of interests by Authority & Committee Members and those procedures were adhered to by the BAI during the year.

In the year ended 31st December 2011, the only contract or grant awarded to undertakings in which BAI Authority & Committee Members are employed or otherwise interested is as follows:

- A grant of €90,000 was awarded to Zoogon Limited in 2011, with payments of €72,000 made during 2011. Siobhán Ní Ghadhra (Authority) is a Director of Zoogon Limited. Zoogon Limited is a 100% subsidiary of Telegael Teoranta, of which Siobhán Ní Ghadhra is a Director and Shareholder (3.45%). At 31 December 2011, the amount of grant payments outstanding to Zoogon Limited was €18,000.

In 2011, BAI Authority & Committee members declared interests in the following entities which were applicants for sound broadcasting contracts under the Broadcasting Act 2009:

- Kilkenny Community Communications Co-operative Society Limited – Siobhán Bourke (Contracts Awards Committee)

- Dublin City Vocational Educational Committee on behalf of Rathmines College of Further Education, Wicklow Vocational Education Committee on behalf Bray Institute of Further Education, and Dún Laoghaire Vocational Education Committee on behalf of Dún Laoghaire College of Further Education - Michael Moriarty (Authority & Contracts Awards Committee)

The BAI complied with the provisions of the Broadcasting Act 2009 and the Department of Finance guidelines covering situations where interests are declared. In each case, the Member did not receive documentation on a proposed transaction or licence application, nor did the Member participate in or attend decisions on the matter when the Member became aware of and declared an interest.

Corporate Governance

The Authority was established pursuant to the provisions of the Broadcasting Act 2009. It is a body corporate with perpetual succession and a seal and power to sue and be sued in its corporate name and to acquire, hold and dispose of land.

The Authority is a non-commercial semi-state body.

The Members of the Authority are committed to the highest standards of corporate governance. The corporate governance policy, or 'Code of Conduct' followed, is based on the 2009 Code of Practice for the Governance of State Bodies published by the Department of Finance.

The Members of the Authority are appointed by Government on the nomination of the Minister for Communications, Energy and Natural Resources under Section 8 of the Broadcasting Act 2009, and hold office for such terms as the Minister specifies when making the appointment. The Minister determines the level of remuneration for the Authority Members. Such remuneration is not linked to performance and is disclosed in Note 11 to the financial statements.

The Authority is accountable to the Minister for Communications, Energy and Natural Resources for good corporate governance.

12. Operating Leases

The Authority occupies premises at 2-5 Warrington Place, Dublin 2, on which it holds a lease entered into in 2001 for 20 years. A five year rent review was carried out in 2006 for the period commencing 8th December 2006. Under this lease, rent payments amounting to €476,650 were made in 2011.

The Authority also holds a lease on 2nd Floor, Marine House, Clanwilliam Place, Dublin 2. This lease was entered into in 1989 for 35 years. A five year rent review was carried out in May 2010 for the period commencing 1st November 2009.

The offices in Marine House were not occupied by the Authority during the year and a sub-let agreement covering the period 15th March 2006 to 14th December 2010 was signed on 31st May 2006. Under this agreement, the Lessor is responsible for all rent, rates and operational costs associated with the Marine House premises for the duration of the lease. Therefore, no net payments were made in this period in respect of Marine house.

A new sub-agreement was entered into for the period 15th December 2010 to 31st March 2011, and extended to 31 March 2012. Under this agreement, the Lessor is responsible for all the operation costs, half the rental costs and half the rate costs for the duration of the lease.

The total amount charged in respect of the operating leases in the Income and Expenditure Account is €614,250.

Lease Commitments

	2011 €	2010 €
Under 1 Year	614,250	614,250
Between 2-5 Years	2,457,000	2,457,000
Over 5 Years	3,314,386	3,928,636
	6,385,636	**6,999,886**

13. Superannuation

(a) Pension Scheme

The Broadcasting Authority of Ireland is a statutory body, established under the Broadcasting Act 2009. Section 16 of the Act provides that the Authority shall make a scheme or schemes for granting of superannuation benefits to and in respect of its staff members subject to Ministerial approval. The Broadcasting Authority of Ireland's Superannuation Scheme and Spouses & Children's Pension Scheme (compulsory with membership of the main scheme) are being operated on an administrative basis pending formal sanction by the Minister for Communications, Energy & Natural Resources (DCENR) with the consent of the Minister for Finance. The former scheme provides retirement benefits (lump sum and pension) to staff members, and death gratuity benefits in respect of death in service. The latter scheme provides pension benefits for the surviving spouses and dependent children of deceased members. Both schemes are unfunded defined benefit superannuation schemes.

As described in the accounting policy, the Broadcasting Authority of Ireland make an annual contribution to DCENR which has undertaken to provide funding to the Authority to pay pensions as they fall due. The Authority has adapted the treatment and disclosures required by the accounting standard, Financial Reporting Standard 17 (Retirement Benefits) to reflect the arrangements in operation.

The FRS17 pension liability at 31st December 2011 is €5,165,000. Under the arrangement in place, DCENR will reimburse in full the pension liability of the Authority as and when those liabilities fall due for payment. The Authority recognises its right to the reimbursement as a separate asset.

The results are set out below on an actuarial valuation of the pension liabilities in respect of Authority staff as at 31st December 2011. This valuation was carried out by a qualified independent actuary for the purposes of FRS17.

(b) Financial Assumptions

The principal actuarial assumptions were as follows:

	2011	2010
Rate of increase in salaries	4%	4%
Rate of increase in pensions in payment	4%	4%
Discount Rate	5.4%	5.8%
Inflation Rate	2.0%	2.0%

The mortality basis adopted allows for improvements in life expectancy over time, so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 65). The table below shows the weighted average life expectancy for members used to determine benefit obligations.

	2011	2010
Male Member age 65 (current life expectancy)	22.7	22.6
Male Member age 40 (life expectancy at age 65)	25	24.9
Female Member age 65 (current life expectancy)	24.4	24.3
Female Member age 40 (life expectancy at age 65)	26.9	26.8

(c) Pension Costs

Charges to the Income and Expenditure Account in respect of pension costs consists of the following:

	2011	2010
	€ '000	€ '000
Employer Contribution paid to DCENR	208	248
Current Service Cost	215	188
Interest on Pension Scheme Liabilities	264	227
Adjustment to Deferred Pension Funding	(479)	(415)
	208	248

The charge of €208k in 2011 is net of a recharge of €65k in respect of the Broadcasting Fund.

Pension related deductions (PRD) of €104,046 were made from staff salaries during the year and were submitted to the Department of Communications, Energy and Natural Resources (DCENR).

(d) Movement in Pension Liability

	2011	2010
	€ '000	€ '000
Opening Balance	4,251	3,236
Current Service Cost	215	188
Interest on Pension Scheme Liabilities	264	227
Actuarial Loss	435	600
	5,165	4,251

Notes to the Financial Statements

for the year ended 31st December 2011

14. Cashflow Statement

(a) Analysis of Changes in Net Funds

	At 31/12/2010	Cash Flows	At 31/12/2011
Cash at Bank and on Hand	2,552	(979)	1,573
Short Term Deposits	-	1,508	1,508
Total	2,552	529	3,081

(b) Reconciliation of Net Cash Flow to Movement in Net Funds

	2011 €'000	2010 €'000
(Decrease)/Increase in cash during the year	(979)	2,387
Cash lodged/(withdrawn) to/(from) deposits	1,508	(879)
Change in Net Funds	529	1508
Opening Net Funds	2,552	1,044
Closing Net Funds	3,081	2,552

15. Loan Facility

The BAI required a loan facility to maintain operational activities until the Levy Order was implemented. Sanction for the loan facility was obtained from the Minister for Communications, Energy and Natural Resources with approval of the Minister of Finance under Section 35(1) of the Broadcasting Act 2009.

All drawn funds were repaid in full on the 28th March 2011.

Broadcasting Funding Scheme (BFS)

Financial Statements

for the year ended 31st December 2011

Statement of Responsibilities

Pursuant to the terms of the Broadcasting Act 2009, the Broadcasting Authority of Ireland (BAI) is responsible for the management and control of the Fund. It is also responsible for preparing financial statements of the Fund for the year 1st January 2011 to 31st December 2011, so as to give a true and fair view of the state of affairs of the Fund as at 31st December 2011 and of its income and expenditure for the year then ended.

In preparing those financial statements, the Authority is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Broadcasting Authority of Ireland is responsible for:

- Keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Fund and enable it to ensure that the financial statements comply with paragraph 157(8) of the Schedule to the Broadcasting Act 2009 and are in a form approved by the Minister for Communications, Energy and Natural Resources after consultation with the Minister for Finance.
- Safeguarding the assets of the Fund and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chairperson

Member of Authority

Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Broadcasting Fund

I have audited the financial statements of the Broadcasting Fund for the year ended 31 December 2011 under the Broadcasting Act 2009. The financial statements, which have been prepared under the accounting policies set out therein, comprise the Statement of Accounting Policies, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and Generally Accepted Accounting Practice in Ireland.

Responsibilities of the Broadcasting Authority of Ireland

The Broadcasting Authority of Ireland is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the transactions of the Fund and of the state of affairs and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

Opinion on the Financial Statements

In my opinion, the financial statements, which have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland, give a true and fair view of the transactions of the Fund for the year ended 31 December 2011 and of the state of affairs at that date.

In my opinion, proper books of account have been kept by the Authority. The financial statements are in agreement with the books of account.

Matters on which I Report by Exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where moneys have not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.

Andrew Harkness
For and on behalf of the
Comptroller and Auditor General

29 **June 2012**

Statement of Accounting Policies

Accounting Convention

The Financial Statements for the Broadcasting Fund, which are in the form approved by the Minister for Communications, Energy and Natural Resources with the consent of the Minister for Finance, have been prepared on an accruals basis, except as stated below, under the historical cost convention and in accordance with Generally Accepted Accounting Practice.Financial reporting standards recommended by the recognised accountancy bodies are adopted as they become applicable. The unit of currency in which the financial statements are denominated is the euro.

Income

Pursuant to Section 156 of the Broadcasting Act 2009, the Minister for Communications, Energy and Natural Resources, with the approval of the Minister for Finance, may pay to the Authority out of monies provided by the Oireachtas for the purposes of grants under a scheme and any administration of or reasonable expenses relating to a scheme, in respect of each financial year, an amount being equal to 7 per cent of net receipts in that year in respect of television licence fees.

Net receipts in relation to the receipt of television licence fees, means the total receipts less any expenses in respect of those receipts certified by the Minister as having been incurred by him or her in that year in relation to the collection of the fees.

This income is accounted for on a cash receipts basis.

Grants

Grants under the Broadcasting Funding Scheme are charged to the Broadcasting Fund Account when the grantee fulfils all conditions attached to the grant. Grant commitments represent funding approvals where the grantee has yet to fulfil the conditions attached to the grant.

Previous Arrangements

The Broadcasting Fund was originally established under the Broadcasting Funding Act 2003 and was managed by the Broadcasting Commission of Ireland. The Broadcasting Act 2009 transferred the management of the Fund to the Broadcasting Authority of Ireland.

Income and Expenditure Account

of the Broadcasting Funding Scheme
for the year ended 31st December 2011

	Notes	2011	2010
		€ '000	€ '000
Broadcasting Fund			
Income			
Oireachtas Grant		14,420	14,678
Interest Receivable		477	361
Total		**14,897**	**15,039**
Expenditure			
Grants and Awards		11,812	10,614
Staff Costs	2	489	320
Legal Fees		-	14
Administrative Costs		407	60
Audit Fee		5	5
Assessment Costs		47	64
Consultancy Costs		-	8
Total		**12,760**	**11,085**
Surplus/(Deficit) of income over expenditure		**2,137**	**3,954**
Balance at beginning of year		**20,006**	**16,052**
Balance at end of year		**22,143**	**20,006**

The Statement of Accounting Policies and Notes 1–7 form part of these Financial Statements. The Financial Statements were approved by the Authority on the 18th June 2012 and signed on its behalf by:

Chairperson

Member of Authority

Chief Executive

Balance Sheet

of the Broadcasting Funding Scheme
as at 31st December 2011

	Notes	2011	2010
		€	€
		'000	'000
Current Assets			
Debtors	3	225	113
Cash at Bank and on Hand		2,476	2,432
Short Term Deposits	4	19,923	17,513
		22,624	20,058
Current Liabilities			
Creditors (amounts due within one year)	5	(481)	(52)
Bank Overdraft		-	-
Net Assets		22,143	20,006
Represented by			
Broadcasting Fund		22,143	20,006
		22,143	20,006

The Statement of Accounting Policies and Notes 1–7 form part of these Financial Statements. The Financial Statements were approved by the Authority on the 18th June 2012 and signed on its behalf by:

Chairperson

Member of Authority

Chief Executive

Cashflow Statement

of the Broadcasting Funding Scheme
for the year ended 31st December 2011

	2011	2010
	€ '000	€ '000
Reconciliation of Operating Surplus to Net Cash Inflow/ (Outflow) from Operating Activities		
Surplus/(Deficit) for Year	2,137	3,954
Returns on Investments	(477)	(361)
(Increase)/Decrease in Debtors	-	-
Increase/(Decrease) in Creditors	429	48
Net Cash Inflow/(Outflow) from Operating Activities	**2,089**	**3,641**
Cashflow Statement		
Net Cash Inflow/(Outflow) from Operating Activities	2,089	3,641
Return on Investments		
Interest Received	365	413
Management of Liquid Resources		
Invested in Short-term Deposits	(2,410)	(3,005)
Increase/(Decrease) in Cash Balances	**44**	**1,049**

The Statement of Accounting Policies and Notes 1–7 form part of these Financial Statements. The Financial Statements were approved by the Authority on the 18th June 2012 and signed on its behalf by:

Chairperson

Member of Authority

Chief Executive

Notes to the Financial Statements

for the Year ended 31st December 2011

Notes to the Financial Statements

of the Broadcasting Funding Scheme
for the year ended 31st December 2011

1. Broadcasting Funding Scheme

(a)

Under the Broadcasting Act 2009, the Authority is required to prepare a scheme or schemes for the payment of grants to support certain television and radio programmes and projects out of an amount of 7% of the net proceeds of the television licence fee income.

The current scheme in operation is the Sound & Vision II Scheme. The European Commission originally approved the Sound and Vision Scheme in 2005 until the end of 2009 under the Broadcasting Commission of Ireland. The European Commission has approved Sound and Vision II under Article 107(3)(d) of the TFEU (Treaty on the Functioning of the European Union) until the end of 2014, having considered that it constitutes State Aid compatible with the internal market for a 5-year period ending 31st December 2014.

(b)

	2011 €'000	2010 €'000
Opening Commitment Figure	8,612	9,459
Awards made	16,220	9,833
Grants paid in	(11,812)	(10,622)
Grants de-committed	(674)	(58)
Closing Commitment Figure	**12,346**	**8,612**

2. Staff Costs

	2011 €'000	2010 €'000
Wages and Salaries	390	251
Social Welfare Costs	34	27
Pension Costs	65	42
	489	**320**

Notes to the Financial Statements

of the Broadcasting Funding Scheme
for the year ended 31st December 2011

3. Debtors

	2011	2010
	€'000	€'000
Accrued Interest	225	113
	225	113

4. Short Term Deposits

Balance at 1st January	17,513	14,508
Additions	2,410	3,005
Withdrawals	-	-
Investments represented by bank deposits at 31st December	**19,923**	**17,513**

As required under Section 157 (4) and (6) of the Broadcasting Act 2009, monies standing to the credit of the current account and not required to meet current liabilities shall be paid into the investment account of the Fund.

Monies in the investment account of the Fund that are not required to meet current and prospective liabilities of that account shall be invested and the investments shall be realised or varied from time to time as occasion requires and the proceeds of any such realisation, and any income received in respect of monies invested shall be paid into the investment account of the Fund.

In the period of account, the Authority retained the surplus funds on deposits with commercial banks.

5. Creditors (Amounts due within one year)

	2011	2010
	€'000	€'000
Broadcasting Authority of Ireland	481	52
	481	52

Notes to the Financial Statements

of the Broadcasting Funding Scheme
for the year ended 31st December 2011

6. Employees and Remuneration

There are no employees directly employed by the Broadcasting Fund. A number of employees employed by the Broadcasting Authority of Ireland do however, spend a proportion of their time working on Fund related matters.

The level of hours worked by staff on the Fund is translated into equivalent full time positions and this equivalent salary cost is allocated from the BAI to the Fund.

7. Cashflow Statement

(a) Analysis of Changes in Net Funds

	At 31/12/2010 €'000	Cash Flows €'000	At 31/12/2011 €'000
Cash at Bank and on Hand	2,432	44	2,476
Deposits	17,513	2,410	19,923
Total	19,945	2,454	22,399

(b) Reconciliation of Net Cash Flow to Movement in Net Funds

	2011 €'000	2010 €'000
Increase/(Decrease) in cash during the year	44	1,049
Cash lodged in Deposits	2,410	3,005
Change in Net Funds	2,454	4,054
Opening Net Funds	19,945	15,891
Closing Net Funds	22,399	19,945