



ÚDARÁS  
CRAOLACHÁIN  
NA hÉIREANN

BROADCASTING  
AUTHORITY  
OF IRELAND

# ANNUAL REPORT AND ACCOUNTS 2009



The Broadcasting Authority of Ireland (“BAI”) was established on 1st October 2009.

Further to Section 38 of the Broadcasting Act 2009, the Broadcasting Authority of Ireland shall make a report to the Minister on the performance of its objectives, functions and its activities during the preceding year.

This report covers the period of 1st October 2009 to 31st December 2009.

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## Background, Functions and Objectives of the Authority including an overview and remit of each statutory Committee.

The Broadcasting Authority of Ireland ("BAI") was established on 1st October 2009 and is responsible for a number of key areas of activity with regard to television and radio services in Ireland further to the provisions of the Broadcasting Act 2009 ("the Act"). The BAI incorporates work previously undertaken by the Broadcasting Commission of Ireland ("BCI") and the Broadcasting Complaints Commission ("BCC").

The BAI consists of an Authority and two statutory Committees which support its work; namely the Contract Awards Committee and the Compliance Committee. The objectives and functions of the Authority and Committees are set out under Sections 25 to 28 of the Act.

### Objectives of the BAI:

The objectives of the Authority and statutory Committees are set out in Section 25(1) of the Act. In performing their functions, the Authority and statutory Committees shall endeavour to ensure –

- (a) "that the number and categories of broadcasting services made available in the State by virtue of this Act best serve the needs of the people of the island of Ireland, bearing in mind their languages and traditions and their religious, ethical and cultural diversity"*
- (b) "that the democratic values enshrined in the Constitution, especially those relating to rightful liberty of expression, are upheld"*
- (c) "the provision of open and pluralistic broadcasting services"*

Section 25(2) of the Act further expands;

- (a) Stimulate the provision of high quality, diverse and innovative programming by commercial, community and public service broadcasters and independent producers,*
- (b) Facilitate public service broadcasters in the fulfilment of their public service objects as set out in the Act,*
- (c) Promote diversity in control of the more influential commercial and community broadcasting services,*
- (d) Provide a regulatory environment that will sustain independent and impartial journalism,*
- (e) Protect the interests of children taking into account the vulnerability of children and childhood to undue commercial exploitation,*

- (f) Promote and stimulate the development of Irish Language programming and broadcasting services,*
- (g) Provide a regulatory environment that will facilitate the development of a broadcasting sector in Ireland that is responsive to audience needs and in particular is accessible to people with disabilities, and*
- (h) Promote and stimulate the development of Irish language programming and broadcasting services.*

Section 25(3) of the Act expands;

- (a) Are proportionate having regard to the objectives set out in this section,*
- (b) Are applied across the range of broadcasting services taking account of the degree of influence that the different types of broadcasting services are able to exert in shaping audience views in the State,*
- (c) Are mindful of objects, functions and duties set for public service broadcasters in Parts 7 and 8,*
- (d) Will produce regulatory arrangements that are stable and predictable, and*
- (e) Will readily accommodate and encourage technological development, and its application, by the broadcasting sector.*

The principal functions of the Authority and statutory committees are set out from Sections 26 to 28 of the Act. In the case of the Authority, these include the preparation of a strategy for the provision of broadcasting services; the preparation of a three-year strategy statement; the making of a levy order; the preparation of codes and rules and a scheme for the exercise of a right of reply; an advisory and guidance role in respect of public service broadcasters, including the making of recommendations in respect of public funding; the implementation of schemes for the granting of funds and the operation of a range of ancillary functions.

The Contract Awards Committee is responsible for the operation of licensing processes to support the broadcasting services strategy.

The Compliance Committee is responsible for the monitoring and enforcement of compliance, the investigation of complaints and a number of reporting functions.

## Membership of the Authority and the Statutory Committees (including attendance).

Section 8 of the Broadcasting Act 2009 sets out the appointment procedures of the Authority, Contract Awards and Compliance Committees.

### **Authority:**

The Authority has nine members. Five of these were appointed by the Government on the nomination of the Minister. The remaining four members were appointed by the Government on the nomination of the Minister having regard to the advice of, and nominations of, the Joint Oireachtas Committee. This did not occur until February 2010.

On 30th September 2009, the Minister for Communications, Energy and Natural Resources announced the appointments of the five government appointees to the Authority. Mr. Bob Collins was appointed as Chairperson of the Authority.

## BAI Authority Members at 31st December 2009:

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*Bob Collins*  
*Chairperson*

Also Chief Commissioner of the Northern Ireland Equality Commission and a former RTÉ Director-General.

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*Paula Downey*

Partner at Downey Youell Associates, creators of CultureWork.



*Michelle McShortall*

Chief Learning Architect with Intuition, a knowledge services company that helps clients grow and share knowledge across their organisation.

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*Dr. Maria Maloney*

A lawyer and a former representative for Northern Ireland on the UK Independent Television Commission (London).



*John Waters*

Author and Journalist

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There were three Authority meetings held during the 3-month period, attended as follows:

Meetings Attended	
Bob Collins (Chairperson)	3
Paula Downey	3
Michelle McShortall	3
Dr. Maria Maloney	3
John Waters	3

#### Contract Awards Committee:

The Contract Awards Committee has eight members. Four of these members were appointed by the Government on the nomination of the Minister. The remaining four appointments were made by the Authority comprising of two members of the Authority and two members of the BAI Executive.

Four appointments were made to the Contract Awards Committee by the Minister for Communications, Energy and Natural Resources Eamon Ryan on 30th November 2009. These were:

<b>Siobhán Bourke</b> (Chairperson)	Director of Saffron Pictures and the Irish Theatre Institute
<b>David Barniville SC</b>	Barrister-at-law
<b>Eimear McGovern</b>	CFO of Thirdforce plc
<b>Neil Leyden</b>	Chairperson of the Digital Media Forum

At its meeting on 9th November 2009, the Authority made the following interim appointments to the Contract Awards Committee:

<b>Authority Representative:</b>	Paula Downey
<b>Authority Representative:</b>	Maria Maloney
<b>BAI Executive Representative:</b>	Neil O'Brien
<b>BAI Executive Representative:</b>	Anne O'Brien

The Contract Awards Committee did not meet during this period. The first meeting of the Committee took place in early 2010.



### Compliance Committee:

The Compliance Committee has eight members. Four of these members were appointed by the Government on the nomination of the Minister. The remaining four appointments comprise of two members of the Authority and two members of the BAI Executive.

Three appointments were made to the Compliance Committee by the Minister for Communications, Energy and Natural Resources Eamon Ryan on 30th November 2009. These were:

Prof. Chris Morash (Chairperson)	Head of the School of English, Media and Theatre Studies at NUI Maynooth, where he founded the Centre for Media Studies.
Aidine O'Reilly	Managing Director of Real Event Solutions
Edel Hackett	Communications Consultant

At its meeting on 9th November 2009, the Authority made the following interim appointments to the Compliance Committee:

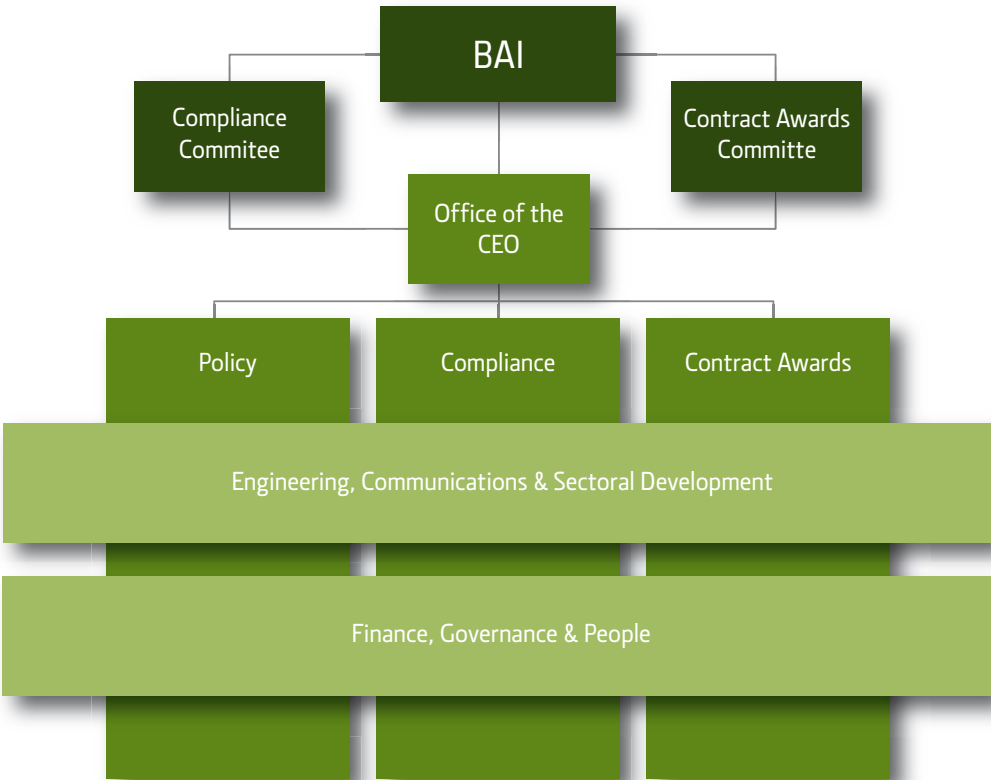
Authority Representative:	Michelle Mc Shortall
Authority Representative:	John Waters
BAI Executive Representative:	Ciarán Kissane
BAI Executive Representative:	Celene Craig

There was one meeting of the Compliance Committee in December 2009. The attendance was as follows:

Chris Morash, Aidine O'Reilly, Edel Hackett, John Waters, Ciarán Kissane, Celene Craig. Apologies were received from Michelle Mc Shortall.

Organisational Structure and Staff of the BAI.

The Authority has an Executive staff of 40. The organisational structure of the Executive is represented in the following diagram:



The work of the Authority is guided by the Office of the Chief Executive and supported by a strategic management team.

A list of all staff is outlined below:

**Office of the CEO** Michael O’Keeffe **Chief Executive**  
Celene Craig **Deputy Chief Executive**

**Policy** Aoife Clabby, Declan McLoughlin, Sarah Traynor,  
Andrew Robinson, Stephanie Comey

**Compliance** Anne O’Brien, Clare O’Sullivan, Ruth-Blandina Quinn,  
Jill Caulfield, Philip Cooper, Marie Murphy,  
Teresa Kearns, Jean Crampton

**Contract Awards** Ciarán Kissane, Niamh Ní Bhroin, Diarmaid Breathnach,  
Jessica Scott, Louise Mc Loughlin

**Engineering,  
Communications &  
Sectoral Development** Neil O’Brien, Roger Woods, Tim Flynn,  
Brian Furey, Patricia Kelly, Rachel Casey

**Finance, Governance  
& People** Margaret Tumelty, David Higgins, Sally Kennedy,  
Jason Kenny, Sinéad Owens, Gillian Collins,  
Joanna Laskowska, Ita Kennelly

**Monitoring Staff** Andrea Leonard, Annette Stone,  
Jeanne Spillane, Fionnuala Murphy, Deborah Molloy,  
Barry Casey, Simon Conneally

## Chairperson's Statement

The establishment of the Broadcasting Authority of Ireland ("BAI") on 1st October 2010 was not just a transition from the predecessor body. It marked a very significant shift in broadcasting regulation in Ireland. For the first time, public and commercial broadcasting would be regulated by a single organisation with a comprehensive range of statutory duties and entitlements.

The extent of that range of statutory requirements weighed heavily with the Authority at the inception of its term, both because of the number of requirements that had specified timescales attached to them and, also because, for the period under review, only five of the nine Members had been appointed. The Authority was conscious of the need to discharge its responsibilities but also conscious of the need to have the participation of the full membership to the greatest extent possible.

The new statute altered the funding arrangements for the BAI – now derived from a levy on all broadcasters. Setting that levy and agreeing the basis of its calculation and the mode of its operation were key early priorities. Preparatory work had been undertaken before the establishment of the Authority but nothing further could be done until the legislation had come into effect. It was a not inconsiderable achievement that the draft Levy Order was ready for submission to the Oireachtas before the end of the period. Determining the levy requires setting a budget. From the first meeting, the Authority was clear that the budget to be fixed for 2010 would be as low as it could be, consistent with its statutory duties, and less than the amount recommended by consultants before its establishment. The Authority was acutely aware of the adverse economic circumstances and of the difficulties being experienced by all broadcasters as a result. Sensitivity to that reality informed much of the Authority's work.

Levies cannot apply retrospectively and from the commencement of its life, the Authority was grappling with a funding base that, in the event, would not apply to the early months of its existence; a reality with which it will have to live for some time.

One of the achievements of the Broadcasting Commission of Ireland had been the conduct of the competition for the operation of the commercial DTT multiplexes. It had been a source of concern to the BCI that the first contractor had withdrawn from the task. It became a matter of increasing distress to the Authority that little progress seemed to have been made in advancing the process of completing contracts, despite the best encouragements from the Executive. Considerable attention was given to this matter in the early months of the Authority's existence and, by the end of the period under review, the Authority had set out very clearly the basis on which it required matters to develop.

One of the other significant issues that marked these early months was the transposition into Irish law of the European Audiovisual Media Services Directive. The Authority drew up amended Codes to meet the needs of the Directive, noting that some areas would need further early attention in 2010.

The Authority was conscious of the importance of broadcasting in the lives of the people of Ireland and was conscious, also, of the attention to the public interest that the statute required. This principle and that of recognising the essential public and democratic values inherent in broadcasting guided the Authority in its early months and were clearly identified by it as those that would animate its future work.

Bob Collins  
Chairperson

December 2009

## Chief Executive's Review

Operationally, the organisation was primarily focussed on getting BAI systems up and running during the final quarter of 2009. While the Authority was established on 1st October, the Authority members were not appointed until late October and, as a result, the first meeting was not held until 9th November. A further two meetings were held on 30th November and 14th December. The statutory Committees (Compliance and Contract Awards) were not appointed until later and only one meeting of the Compliance Committee was held before the end of the year.

The work programme for the period prioritised certain Financial, Corporate Governance and urgent work programme matters which are outlined in brief detail hereunder as follows:

### **Financial Matters:**

The priority here was the development of a levy order which would secure the longer term funding of the BAI by the broadcasting sector; the negotiation of a borrowing facility to sustain funding in the shorter term; the signing of the 2008 BCI Financial Statements, which were finalized by the C&AG during the period and agreement on the mechanism for the procurement of key service contracts. All of these activities were completed before the end of the year.

### **Corporate Governance Matters:**

Corporate Governance developments focussed on ensuring the effective operation of the Authority from its first meeting in early November. Among the matters prioritized were the development of rules for the regulation of Authority meetings; the nomination of members of the Authority and staff to the Statutory Committees; procedures for decision making between meetings and protocols for the use of the Authority seal.

### **Work Programme:**

This was somewhat limited given the short timeframe involved and primarily concerned the continuation of key pieces of work commenced by the BCI. Main activity centred around the continuing attempts to finalize contracts for the provision of commercial DTT with the OneVision consortium; the completion of the transposition of the AVMS directive through the introduction of revised codes on General and Children's Commercial Communications and Advertising Minuteage rules; and consideration of a number of contractual variations related to sound broadcasting services.

### **Strategic Objectives and Workplan 2010:**

A number of strategic objectives were developed to support the work of the Authority and Statutory Committees for 2010. Ultimately, the BAI will develop a statement of strategy for the three-year period 2011-2013. The strategic objectives included the following:

**Office of the CEO:**

- To complete a Statement of Strategy which sets the vision of the BAI over a three-year timeframe and which maximises stakeholder engagement over the course of the strategy development phase;
- To ensure that processes are in place to support the effective operation of the Authority and the Statutory Committees;
- To deploy organisational resources efficiently and effectively to meet strategic objectives as well as team and individual objectives and to provide necessary supports to staff to meet objectives; ;
- To further develop efficiency and effectiveness of key organisational systems and to implement organisation development and culture initiatives;
- To develop and enhance strategic relationships with key BAI stakeholders in support of the achievement of the BAI's strategic objectives

**Policy:**

- To develop, implement and/or review a range of effective broadcasting policies consistent with the BAI's statutory remit, policy remit, policy communications by the Minister and the strategic objectives and priorities of the Authority. In so doing, to develop an organisational knowledge base in support of the BAI's policy development role and the interpretation of the 2009 Act.

**Compliance:**

- To establish and implement a BAI monitoring, compliance, enforcement and complaints regime for Irish broadcasting, in line with the provisions of the Broadcasting Act 2009.

**Contract Awards:**

- To adapt the operation of the Broadcasting Funding Scheme as appropriate to respond to new legislative provisions contained in the Broadcasting Act 2009 and decisions of the Minister and the European Commission in respect of an Archiving Scheme;
- To implement licensing activities in accordance with the BAI's strategies and priorities, in order to facilitate the availability, or continuity, of television, radio, EPG and multiplex services to Irish audiences, while adapting such licensing activities as appropriate to reflect the provisions of the Broadcasting Act 2009.

## Engineering, Communications & Sectoral Development:

### Communications:

- To put in place a plan to position BAI as the respected leader and authority on broadcasting regulation, operating in the public interest in an Irish and international broadcasting context;
- To provide a regulatory environment that facilitates and promotes the development of a broadcasting sector in Ireland that is responsive to audience needs, operates in a culture of compliance, promotes skills development and is accessible to people with disabilities;
- To ensure the effective and efficient use of spectrum in order to facilitate the licensing of analogue radio and Digital Terrestrial Television (DTT) and to facilitate Analogue Switch Off (ASO).

### Finance, Governance & People:

- To implement financial accounting and business practices and systems to ensure that the BAI meets its statutory and corporate governance obligations;

The achievement of these objectives was supported by Executive staff members across the pillars and support streams working on a matrix basis.

### Organisation Development/Use of Resources:

The Change Programme which had been implemented during the final 18 months of the BCI/BCC had prepared the organisation well for the transition to BAI. Initiatives introduced over that period, such as the commitment to cross functional working; the enhancement of data and file management and the development of an IT strategy continued to receive priority.

Sanction was not received for any additional resources to support the implementation of the new functions in the Act and the BAI was also caught by the terms of the public service wide embargo on the filling of vacancies. This resulted in the numbers employed being less than those working in the BCI/BCC and is likely to have implications for the ability of the organisation to deliver on all of the objectives and functions contained in the Act.

Michael O'Keeffe  
Chief Executive

December 2009



## Report of the Authority on the performance of its functions and activities in the preceding year, including activities in respect of Policy and Information on Codes and Standards.

The BAI undertook two consultations further to Sections 42 and 43 of the Broadcasting Act, 2009.

In November, the public and interested stakeholders were invited to comment on revised versions of the BCI Children's Advertising Code and the BCI General Advertising Code. These Codes set out the standards that broadcasters must comply with in respect of commercial communications i.e. advertising, sponsorship and other types of commercial promotions. Both Codes had been updated in order to reflect the requirements contained in the European Audio-Visual Media Services ("AVMS") Directive and to give legal effect to these requirements. This Directive establishes basic requirements with which all television broadcasters in the European Union must comply. A key issue about which views were invited was product placement regulation.

At its meeting in December 2009, the Authority considered the range of consultation views and agreed a range of changes to the existing rules. Decisions regarding product placement regulation were deferred to the January 2010 meeting.

The Authority also invited the views of the public and interested stakeholders on a revised draft of the BCI Rules on Advertising (Daily and Hourly Limits). These rules detail the daily and hourly limits on advertising and teleshopping that can be carried on Irish independent radio and television broadcasters. The rules do not apply to public service broadcasters e.g. RTÉ or TG4. This consultation was undertaken in order to give legal effect to the requirements of the AVMS Directive. Being mindful of the 19th December 2010 deadline set by the European Commission and Parliament for the transposition of the Directive into Irish law, the BAI proposed to adopt the BCI rules pending a more detailed review of the rules in 2011.

This proposal was adopted and the Authority agreed to review the rules again in the first half of 2011. This additional review will examine the suitability of permitting increases in the daily and hourly advertising and teleshopping limits.

Report of the Compliance Committee on the performance of its functions and activities in the preceding year.

The BAI is responsible for ensuring that Irish broadcasters comply with a range of statutory and contractual obligations and for investigating and deciding upon any complaints submitted in this regard. The compliance work undertaken in the period under review included Annual Performance Reviews (“APRs”) of BAI’s contractors, content monitoring, on-site visits & inspections, and the processing of complaints received.

These compliance mechanisms provide useful information on trends and developments in the sector and can highlight particular compliance issues arising. However, the period of this review is a three-month time period and accordingly, insufficient to facilitate such information. While complaints were accepted and processed in this period, there were no final decisions on the complaints as the establishment and induction of the Compliance Committee occurred in late November and December respectively.

The BAI received 159 valid complaints in this period, under the following categories:

Complaint Category:	Number:
Fairness, objectivity and impartiality	46
Privacy of an Individual	2
Code of Programme Standards	64
General Advertising Codes	48

The complaints concerned programmes and advertisements and a range of radio and television broadcasters:

Television Station:	Complaint Total:
RTÉ One	48
RTÉ Two	14
TG4	2
TV3	47

Radio Station:	Complaint Total:
2FM	10
Cork's 96FM & 103FM	1
Dublin's 98	1
FM104	2
i102-104	4
Newstalk 106 - 108 FM	9
Radio Ga Ga (The 90s Network)	1
Radio Kerry	1
RTÉ Radio 1	16
Spin South West	1
Tipp FM	1
Today FM	1

The status of complaints at the end of the 3-month period was:

Status at Year End:	Complaint Total:
Resolved	74
Withdrawn Anonymity	1
Withdrawn by complainant	2
Still in process	82
Invalid complaints received	131

Report of the Contracts Awards Committee on the performance of its functions and activities in the preceding year. This section should also contain details of contracts entered into (if any) under Section 67 of the Broadcasting Act 2009.

As outlined in Section 3 of this report, Ministerial and interim appointments were made to this Committee in November. The Contract Awards Committee did not meet during this 3-month period. The first meeting of the Committee was scheduled for early 2010.

Five applications for temporary radio broadcasting services were received by the BAI between 1st October and 31st December 2009. 14 temporary contracts were signed between 1st October and the 31st December and nine services began broadcasting during this period.

Report on progress made towards increasing accessibility of broadcasting services to people with disabilities, and in particular, to achieve targets set out in any broadcasting rules.

The BCI Access Rules detail the amount of subtitling, audio description and sign language that must be provided by Irish broadcasters. The BAI continued work on the review of the Access Rules that was initiated by the Broadcasting Commission of Ireland ("BCI"). Progress was made on a number of activities. In particular, a range of research projects were completed. These examined the broadcasters' experience of implementing the Access Rules as well as the experience of the audiences that are the target of these rules i.e. people who are blind, partially sighted, deaf or hard of hearing. A review of regulatory practices in other jurisdictions was also undertaken. The BAI will consider the next steps in the review as part of its work planning for 2010.

## Summary/Overview of the Broadcasting Funding Scheme (“BFS”) and Report on activities for the year.

### Summary/Overview:

Part 10 of the Broadcasting Act 2009 requires the Authority to develop and administer a scheme, or a number of schemes, for the granting of funds to support the production of radio and television projects.

The Authority operated one such scheme during this period. This Scheme was the Sound & Vision Scheme which was approved by the EC and the Minister in October 2005.

Further to the provisions of Section 154(11) of the Broadcasting Act 2009, any scheme made by the BCI and approved by the Minister under Section 2 of the Broadcasting (Funding) Act 2003 which was in force on the passing of the Act, continued and was deemed to have been made and approved under Section 154 of the Broadcasting Act 2009.

### Operation of the Scheme:

#### Competitive Funding Rounds:

The ninth radio funding round closed on 21st October 2009. 239 applications were received and their assessment was progressed by the BAI. Decisions were expected in early 2010.

#### Operational Developments:

The BAI developed a new funding contract to reflect the provisions of the Broadcasting Act 2009. The BAI commenced a review of the Guidelines for Applicants for the Sound and Vision scheme in preparation of the possible launch of a new Sound and Vision II Scheme in early 2010. The proposed new scheme was submitted to the Department of Communications, Energy and Natural Resources in April 2009 and forwarded to the EU. Approval for the new scheme, Sound and Vision II, was received from the EU at the end of December 2009.

#### New Funding Contracts Concluded:

The total number of new contracts concluded during this period was 21. The overall value of these contracts was €2,744,916. The value of payments issued on the conclusion of the contracts was €985,983.

The number of new contracts concluded during the period in question was relatively low when compared with similar periods. This was due to the fact that a new template funding contract was required to reflect the provisions of the Broadcasting Act 2009, as noted under Operational Developments above.

#### Grant Payments Issued

The total number of grant payments issued during the period was 84. The total value of these payments was €1,275,135.

#### The Fund Accounts

Sections 156 and 157 of the Broadcasting Act 2009 deal with the financial arrangements for the operation of the Broadcasting Funding Scheme by the BAI. These provide for the operation of two accounts (current and investment) and the recoupment of expenses incurred by the BAI in administering the Fund. Further information is contained in the Accounts Section of this report.

### List of Awards Granted by BAI during the year

This section of the report outlines contract information and awards made by the BAI according to category. Information contained below is reflective of the October to December 2009 period.

#### CONTRACT AWARDS:

##### Sound & Vision:

No funding grants were awarded during this period.

#### ENGINEERING, COMMUNICATIONS AND SECTORAL DEVELOPMENT:

##### Media Research Funding Scheme

No funding grants were awarded during this period.

##### Community Broadcasting Support Scheme

No funding grants were awarded during this period.

##### Network Funding

No funding grants were awarded during this period.

##### Sponsorship

No funding grants were awarded during this period.



Broadcasting Authority  
of Ireland.

Financial Statements

# FINANCIAL STATEMENTS

FOR THE PERIOD ENDED  
31ST DECEMBER 2009



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## Statement of Responsibilities of the Broadcasting Authority of Ireland

The Broadcasting Authority of Ireland was established with effect from 1 October 2009 pursuant to the terms of the Broadcasting Act, 2009 ("the 2009 Act"). The property rights, liabilities and obligations of the Broadcasting Commission of Ireland, which was dissolved pursuant to terms of the Broadcasting Act 2009, were transferred to the Broadcasting Authority of Ireland on that date.

Pursuant to the terms of the 2009 Act, the Broadcasting Authority of Ireland is responsible for preparing financial statements for the period 1st October 2009 to 31st December 2009, so as to give a true and fair view of the state of affairs of the Broadcasting Authority of Ireland as at 31st December 2009 and of its income and expenditure for the period 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 Commission of Ireland was 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.

Under the Code of Practice for the Governance of State Bodies there should be annual reviews of the effectiveness of a body's system of internal controls, including financial, operational and compliance controls and risk management. To comply with this requirement an internal audit function is operated, the work of which is informed by analysis of the risk to which the body is exposed with the annual audit plans based on this analysis.

This exercise was last carried out in June 2009 under the Broadcasting Commission of Ireland. As this requirement is annual the next review is to be carried out in 2010 and as such no exercise was carried out in the 3 month period ending 31st December 2009. However comfort over the effectiveness of the internal controls of the BAI is achieved as the processes of the BCI continued following the creation of the BAI.

The Authority's monitoring and review of the effectiveness of the system of internal financial control for the period 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.

Signed on behalf of the Broadcasting Authority of Ireland.



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Chairperson

## **BROADCASTING AUTHORITY OF IRELAND**

### **Report of the Comptroller and Auditor General for presentation to the Houses of the Oireachtas**

I have audited the financial statements of the Broadcasting Authority of Ireland for the period ended 31 December 2009 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.

#### **Respective Responsibilities of the Authority and the Comptroller and Auditor General**

The Broadcasting Authority of Ireland is responsible for preparing the financial statements in accordance with the Broadcasting Act 2009 and for ensuring the regularity of transactions. The Authority has prepared the financial statements in accordance with Generally Accepted Accounting Practice in Ireland. The accounting responsibilities of the Members of the Authority are set out in the Statement of Responsibilities of the Broadcasting Authority of Ireland.

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

I report my opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland. I also report whether in my opinion proper books of account have been kept. In addition, I state whether the financial statements are in agreement with the books of account.

I report any material instance where moneys have not been applied for the purposes intended or where the transactions do not conform to the authorities governing them.

I also report if I have not obtained all the information and explanations necessary for the purposes of my audit.

I review whether the Statement on Internal Financial Control reflects the Commission's compliance with the Code of Practice for the Governance of State Bodies and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements. I am not required to consider whether the Statement on Internal Financial Control covers all financial risks and controls, or to form an opinion on the effectiveness of the risk and control procedures.

I read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of Audit Opinion**

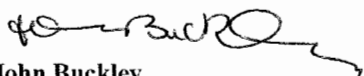
In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

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

**Opinion**

In my opinion, the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Authority's affairs at 31 December 2009 and of its income and expenditure for the period then ended.

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



**John Buckley**  
**Comptroller and Auditor General**  
**28 December 2010**

## 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 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

Income is generated from levies raised on public service broadcasters and broadcasting contractors. The levies are used to fund the cost of the operation of the Authority.

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 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 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.

### Accounting Policy – 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 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 period.

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. The Authority became liable for VAT on its commencement on 1st October 2009.

## Income and Expenditure Account

for the period ended 31st December 2009

	Notes	3 Month s to Dec 2009 € '000
<b>Income</b>		
Levy	1	0
Licensing Fees	2	1
Other Income	2	67
<b>Gross Income</b>		<b>68</b>
Transfer (to) / from Capital Account	8	67
<b>Net Income</b>		<b>135</b>
<b>Expenditure</b>		
Staff Costs	3	433
Pension Costs		69
BAI Members Fees	10	16
Consultancy Fees		167
Legal Expenses		51
Advertising		17
Administrative Expenses		89
Auditors' Remuneration		6
Grant and Development Payments		32
Premises and Related Expenses		178
Depreciation		106
		<b>1,164</b>
<b>Deficit in Income over Expenditure</b>		<b>(1,029)</b>
<b>Balance at beginning of this period</b>	1	<b>1,577</b>
<b>Balance at the end of the period</b>		<b>548</b>

**The Statement of Accounting Policies and Notes 1 – 15 form part of these Financial Statements.** The Financial Statements were approved by the Authority on 20th December 2010 and signed on its behalf by:



Chairperson



Member of Authority



Chief Executive

## Balance Sheet

as at 31st December 2009

	Notes	3 Months to Dec 2009 € '000
<b>Fixed Assets</b>		
Tangible Assets	4	1,076
<b>Current Assets</b>		
Debtors	5	278
Cash at Bank and on Hand		165
Short Term Deposits	7	879
		<hr/> 1,322
<b>Current Liabilities</b>		
Creditors (amounts due within one year)	6	(774)
Bank Overdraft		-
		<hr/>
<b>Net Current Assets</b>		<hr/> 548
Deferred Pension Funding	12C	3,236
Pension Liabilities	12b	(3,236)
<b>Net Assets</b>		<hr/> <hr/> 1,624
<b>Represented by</b>		
Income and Expenditure Account		548
Capital Account	8	1,076
		<hr/> 1,624
		<hr/> <hr/>

### The Statement of Accounting Policies and Notes 1 – 15 form part of these Financial

**Statements.** The Financial Statements were approved by the Authority on 20th December 2010 and signed on its behalf by:



Chairperson



Member of Authority



Chief Executive

## Cashflow Statement

for the period 31st December 2009

	<b>3 Months to Dec 2009</b>
	€ '000
<b>Reconciliation of Operating Surplus to Net Cash Inflow/(Outflow) from Operating Activities</b>	
Deficit for the Period	(1,029)
Returns on Investments	(5)
Depreciation Charge	106
(Profit)/Loss on Sale of Tangible Fixed Assets	-
Transfer to/(from) Capital Account	(68)
(Increase)/Decrease in Debtors	571
Increase/(Decrease) in Creditors	(281)
Net Cash Inflow/(outflow) from Operating Activities	<b>(706)</b>
<b>Cashflow Statement</b>	
Net Cash Inflow/(Outflow) from Operating Activities	(706)
<b>Return on Investments</b>	
Interest Received	10
<b>Capital Expenditure</b>	
Payments to Acquire Tangible Fixed Assets	(39)
Sale of Tangible Fixed Assets	-
<b>Management of Liquid Resources</b>	
Invested in Short-term Deposits	(10)
<b>Increase/(Decrease) in Cash Balances</b>	<b>(745)</b>

**The Statement of Accounting Policies and Notes 1 – 15 form part of these Financial Statements.** The Financial Statements were approved by the Authority on 20th December 2010 and signed on its behalf by:



Chairperson



Member of Authority



Chief Executive



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED  
31ST DECEMBER 2009

## Notes to the Financial Statements for period ended 31st December 2009

### 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 required to be set out in a Levy Order.

On 22 January 2010, in exercise of the powers conferred on it by Section 33 of the Broadcasting Act 2009, the Authority published the Levy Order 2010 (Statutory Instrument No 7 of 2010).

It is from this date that the Authority can impose a levy on public sector broadcasters and broadcasting contractors and as such no levy was imposed in the period ended 31st December 2009.

### 2. Licensing Fees

	3 Months to Dec 2009
<b>Licensing Fees</b>	€
Commercial Radio Licensing Fees	0
Other Radio Licensing Fees	0
Television Licensing Fees	0
Other Licensing Fees	1
	<u>1</u>
	<u><u>1</u></u>
<b>Other Income</b>	
Deposit Interest Income	5
Rental Income	34
Sundry Income	28
	<u>67</u>
	<u><u>67</u></u>

## Notes to the Financial Statements

for period ended 31st December 2009

### 3. Staff Costs

	3 Months to Dec 2009 €
Wages and Salaries	403
Social Welfare Costs	30
	<u>433</u>

	Management	Administration
The average number of staff employed by the Authority during the period, analysed by category was as follows:	22	20
	<u>22</u>	<u>20</u>

#### Pension Related Deductions

Pension related deductions of €30,241 were made from staff salaries during the period and were remitted to the Department of Communications, Energy and Natural Resources.

## Notes to the Financial Statements for period ended 31st December 2009

### 4. Tangible Fixed Assets

	Computer Equipment	Office Equipment	Fixtures & Fittings	Leasehold Improvements	Technical Equipment	Motor Vehicles
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
<b>Cost</b>						
At 01.10.2009	4,231	495	105	705	2,673	193
Additions	39	34	-	5	-	-
Disposals	-	-	-	-	-	-
At 31.12.2009	<u>4,270</u>	<u>529</u>	<u>105</u>	<u>710</u>	<u>2,673</u>	<u>193</u>
<b>Depreciation</b>						
At 01.10.2009	3,088	457	92	436	1,851	192
Charge for Period	106	22	2	17	64	1
Disposals	-	-	-	-	-	-
At 31.12.2009	<u>3,194</u>	<u>479</u>	<u>94</u>	<u>453</u>	<u>1,915</u>	<u>193</u>
<b>Net Book Value</b>						
At 31.12.2009	<u>1,076</u>	<u>50</u>	<u>11</u>	<u>257</u>	<u>758</u>	<u>-</u>
At 01.10.2009	<u>1,143</u>	<u>38</u>	<u>13</u>	<u>269</u>	<u>822</u>	<u>1</u>

Assets with a Net Book Value of €1,143,695 were transferred to the Authority on its establishment day 1st October 2009 under the terms of the Broadcasting Act 2009.



## Notes to the Financial Statements

for period ended 31st December 2009

### 5. Debtors

**2009**

€'000

Debtors	63
Prepayments	200
Others	11
Accrued Interest	-
Broadcasting Fund	4
	<u>278</u>

### 6. Creditors

(Amounts falling due within one year)

Trade Creditors	190
Superannuation contributions repayable to Department of Communications	411
Pension Levy	-
Accruals	134
VAT/PAYE/PRSI/Withholding Tax	39
	<u>774</u>

### 7. Short Term Deposits

Balance at 1st October transferred from BCI	869
Additions	10
Withdrawals	-
Investments are represented by bank deposits	<u>879</u>

### 8. Capital Account

Balance at 1st October transferred from BCI	1,143
Transfer to/(from) Income and Expenditure Account:	
Funding of Asset Additions	39
Amortisation in line with Asset Depreciation	(106)
Amounts Released on Asset Disposals	-
	<u>(67)</u>

**Balance at 31st December**

**1,076**

## Notes to the Financial Statements for period ended 31st December 2009

### 9. Employees and Remuneration

The average number of persons employed by the Commission during the period was as follows:-

	2009	2008
Management	22	22
Administration	<u>20</u>	<u>20</u>
	<b>42</b>	<b>42</b>

#### Chief Executive's Remuneration

The Chief Executive of the Authority entered into a contract of employment with the Authority on 15th February 2010. This contract was back dated to the 01st October 2009. By letter of 13th October 2009 the Minister for Communications, Energy and Natural Resources appointed the Chief Executive of the Authority pursuant to section 14(7) of the Broadcasting Act 2009 for a period of one year commencing on 1st October 2009 and ending on 30th September 2010.

The Chief Executive was employed at the first point of the Civil Service Assistant Secretary Grade at a rate of €131,743 per annum.

The total value of remuneration of the Chief Executive in the period ended 31st December 2009 was €35,349 and an employer's superannuation contribution was made of €5,050.

The CEO's pension entitlements do not extend beyond those standard entitlements of the Public Sector Model Scheme.

## Notes to the Financial Statements

### for period ended 31st December 2009

#### 10. Board Members

##### Payment of Fees and Expenses

The Authority paid fees and expenses to its Board members and to members of the Contracts Awards Committee and Compliance 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 Board members, members of the Contracts Awards Committee and members of the Compliance Committee.

<b>Broadcasting Authority of Ireland</b>	Fees	Expenses
Bob Collins	€2,364	Nil
John Waters	€1,575	Nil
Paula Downey	€1,575	Nil
Dr. Maria Moloney	€1,575	€672
Michelle McShorthall	€1,575	Nil
<b>Compliance Committee</b>		
Prof. Chris Morash	€1,201	€166
Aidine O'Reilly	€1,050	Nil
Edel Hackett	€1,050	€62
<b>Contracts Awards Committee</b>		
Siobhan Bourke	€1,201	Nil
David Barnwell SC	€1,050	Nil
Eimear McGovern	€1,050	Nil
Neil Leyden	€1,050	Nil

##### Disclosure of Transactions

In the normal course of business, the BAI may approve the award of contracts and grants to undertakings in which BAI Board 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 Members and those procedures were adhered to by the BAI during the period.

In the three month period ended 31st December 2009 no contracts or grants were awarded to undertakings in which BAI Board Members are employed or otherwise interested.

## Notes to the Financial Statements for period ended 31st December 2009

### Corporate Governance

The Authority was established pursuant to the provisions of the Broadcasting Act, 2009 ("the Act"). 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 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 10 to the financial statements.

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

### 11. Operating Leases

On the establishment day 1st October 2009 property leases held by the Broadcasting Commission of Ireland were assigned to the Authority in accordance with the terms of the Broadcasting Act 2009. There were 2 leases assigned:

- (1) 2nd Floor, Marine House, Clanwilliam Place, Dublin 2. This lease was entered into in 1989 for 35 years. A five yearly 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 May 31st 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 respect of Marine House in 2009.

## Notes to the Financial Statements

### for period ended 31st December 2009

(2) 2-5 Warrington Place, Dublin 2 entered into in 2001 for 20 years. A five-yearly rent review was carried out in 2006 for the period commencing 8th December 2006. Under this lease, rent payments amounting to €477,000 are due to be made in 2010.

The total amount charged in respect of the operating leases in the Income and Expenditure Account is €119,927.

#### 12. Superannuation

##### (a) Pension Scheme

On the establishment day, all staff employed by the Broadcasting Commission of Ireland were transferred to the Authority in accordance with the terms of the Broadcasting Act. The superannuation arrangements described below are the same as those of the former Broadcasting Commission of Ireland.

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 administration basis pending formal sanction by the Minister for Communications, Energy & Natural Resources 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 makes 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 2009 is €3,236,000. 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 2009. This valuation was carried out by a qualified independent actuary for the purposes of FRS17.

## Notes to the Financial Statements for period ended 31st December 2009

### (b) Financial Assumptions

The principal actuarial assumptions were as follows:

	2009
Rate of increase in salaries	4%
Rate of increase in pensions in payment	4%
Discount Rate	5.4%
Inflation Rate	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.

	Dec 2009
Member age 65 (current expectancy)	21.6
Member age 40 (life expectancy at age 65)	22.7

### (c) Pension Costs

Pension Costs of €68,974 charged to the Income and Expenditure account are in accordance with funding arrangements agreed with DCENR. In the absence of the reimbursement arrangement, the impact on costs would have been:

	2009 € '000s
Current Service Cost	68
Interest on Pension Scheme Liabilities	60
	<b>128</b>

## Notes to the Financial Statements

for period ended 31st December 2009

### 13. Cashflow Statement

#### (a) Analysis of Changes in Net Funds

	At 01/10/2009	Cash Flows	At 31/12/2009
Cash in Hand/Bank	910	(745)	165
Deposits	<u>869</u>	<u>10</u>	<u>879</u>
Total	<u><u>1,779</u></u>	<u><u>(735)</u></u>	<u><u>1,044</u></u>

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

	2009 € '000s
Increase/(Decrease) in cash during the the period	(745)
Cash lodged in Deposits	<u>10</u>
Change in Net Funds	<u>(735)</u>
Opening Net Funds	<u>1,779</u>
Closing Net Funds	<u><u>1,044</u></u>

## Notes to the Financial Statements for period ended 31st December 2009

### 14. Transfer from the Broadcasting Commission of Ireland

On establishment, the Authority acquired the net assets of €2,721,052 from the Broadcasting Commission of Ireland in accordance with the provisions of the Broadcasting Act 2009.

	2009 € '000s
Fixed Assets	1144
Debtors	853
Cash & Bank Deposits	1779
Creditors	<u>(1055)</u>
<b>Net Assets</b>	<b><u>2,721</u></b>

### 15. Income & Expenditure Account

	2009 € '000s
Balance transferred from Broadcasting Commission of Ireland	1577
Deficit for the period	<u>(1029)</u>
Closing Balance at 31 December 2009	<b><u>548</u></b>





Broadcasting Funding  
Scheme (BFS).

Financial Statements

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## Statement of Responsibilities

The Broadcasting Authority of Ireland was established with effect from 1 October 2009 pursuant to the terms of the Broadcasting Act, 2009 ("the 2009 Act"). On this date the Authority established a fund known as the Broadcasting Fund ("the Fund"). 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.

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

## **BROADCASTING AUTHORITY OF IRELAND**

### **Report of the Comptroller and Auditor General for presentation to the Houses of the Oireachtas**

I have audited the financial statements of the Broadcasting Authority of Ireland for the period ended 31 December 2009 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.

#### **Respective Responsibilities of the Authority and the Comptroller and Auditor General**

The Broadcasting Authority of Ireland is responsible for preparing the financial statements in accordance with the Broadcasting Act 2009 and for ensuring the regularity of transactions. The Authority has prepared the financial statements in accordance with Generally Accepted Accounting Practice in Ireland. The accounting responsibilities of the Members of the Authority are set out in the Statement of Responsibilities of the Broadcasting Authority of Ireland.

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

I report my opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland. I also report whether in my opinion proper books of account have been kept. In addition, I state whether the financial statements are in agreement with the books of account.

I report any material instance where moneys have not been applied for the purposes intended or where the transactions do not conform to the authorities governing them.

I also report if I have not obtained all the information and explanations necessary for the purposes of my audit.

I review whether the Statement on Internal Financial Control reflects the Commission's compliance with the Code of Practice for the Governance of State Bodies and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements. I am not required to consider whether the Statement on Internal Financial Control covers all financial risks and controls, or to form an opinion on the effectiveness of the risk and control procedures.

I read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of Audit Opinion**

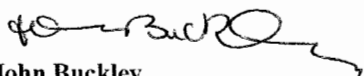
In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

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

**Opinion**

In my opinion, the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Authority's affairs at 31 December 2009 and of its income and expenditure for the period then ended.

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



**John Buckley**  
**Comptroller and Auditor General**  
**28 December 2010**

## Statement of Accounting Policies

### **Basis of Accounting**

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**

The Fund is funded through monies provided by the Oireachtas, via the Vote for the Minister for Communications, Energy & Natural Resources, 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

for the period ended 31st December 2009

	Notes	3 Months to Dec 2009 € '000
Broadcasting Fund		
Income		
Oireachtas Grant		4,199
Interest Receivable		88
<b>Total</b>	-	<b>4,287</b>
Expenditure		
Grants and Awards		2,261
Staff Remuneration	2	140
Legal Fees		59
Administrative Costs		2
Audit Fee		4
Assessment Costs		8
Research Costs		3
<b>Total</b>		<b>2,477</b>
<b>Surplus/(Deficit) of income over expenditure</b>		<b>1,810</b>
<b>Balance at beginning of year</b>		<b>14,242</b>
<b>Balance at the end of the period</b>		<b>16,052</b>

**The Statement of Accounting Policies and Notes 1–8 form part of these Financial Statements.** The Financial Statements were approved by the Authority on the 20th December 2010 and signed on its behalf by:



Chairperson



Member of Authority



Chief Executive

## Balance Sheet

as at 31st December 2009

	Notes	3 Months to Dec 2009 € '000
<b>Current Assets</b>		
Debtors	3	165
Cash at Bank and on Hand		1,383
Short Term Deposits	5	14,508
		<hr/> 1,322
<b>Current Liabilities</b>		
Creditors (amounts due within one year)	4	(4)
Bank Overdraft		-
		<hr/>
<b>Net Assets</b>		<hr/> 16,052 <hr/>
<b>Represented by</b>		
Broadcasting Fund		<hr/> 16,052 <hr/>
		<hr/> 16,052 <hr/>

**The Statement of Accounting Policies and Notes 1–8 form part of these Financial Statements.** The Financial Statements were approved by the Authority on the 20th December 2010 and signed on its behalf by:



Chairperson



Member of Authority



Chief Executive



## Cashflow Statement

for the period 31st December 2009

	3 Months to Dec 2009 € '000
Reconciliation of Operating Surplus to Net Cash Inflow/ (Outflow) from Operating Activities	
Surplus/(Deficit) for Year	1810
Returns on Investments	(88)
(Increase)/Decrease in Debtors	-
Increase/(Decrease) in Creditors	(652)
<b>Net Cash Inflow/(outflow) from Operating Activities</b>	<b>1,070</b>
Cashflow Statement	
Net Cash Inflow/(Outflow) from Operating Activities	1,070
Return on Investments	
Interest Received	34
Management of Liquid Resources	
Invested in Short-term Deposits	(784)
<b>Increase/(Decrease) in Cash Balances</b>	<b>320</b>

**The Statement of Accounting Policies and Notes 1–8 form part of these Financial Statements.** The Financial Statements were approved by the Authority on the 20th December 2010 and signed on its behalf by:



Chairperson



Member of Authority



Chief Executive



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED  
31ST DECEMBER 2009

## Notes to the Financial Statements

for period ended 31st December 2009

### 1. Broadcasting Funding Scheme

(a) Under the Broadcasting Act 2009, the Authority was 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 television licence fee income.

There were no new schemes proposed in the period 1st October 2009 to 31st December 2009.

(b)

	3 Months to Dec 2009 €
<b>Opening Commitment Figure (01st October 2009)</b>	11,720
Grants paid up to 31st Dec 2009	(2,261)
<b>Closing Commitment Figure (31st December 2009)</b>	<b><u>9,459</u></b>

Commitments of €11,720,283 were transferred to the Fund operated by the Broadcasting Authority on its establishment day 1 October 2009, under the terms of the Broadcasting Act 2009, from the Fund operated by the Broadcasting Commission of Ireland.

### 2. Staff Costs

	3 Months to Dec 2009 €
Wages and Salaries	110
Social Welfare Costs	11
Pension Costs	19
	<b><u>140</u></b>

## Notes to the Financial Statements

for period ended 31st December 2009

### 3. Debtors

	2009
	€'000
Debtors	-
Prepayments	-
Accrued Interest	165
Accrued Income	-
Intercompany	-
	<u>165</u>

### 4. Creditors

(Amounts falling due within one year)

Trade Creditors	-
Accruals	-
Intercompany	4
	<u>4</u>

### 5. Short Term Deposits

Balance at 1st October	13,724
Additions	784
Withdrawals	-
<b>Investments are represented by bank deposits</b>	<b><u>14,508</u></b>

As required under paragraph 157(4&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.

## Notes to the Financial Statements

for period ended 31st December 2009

The Broadcasting Fund was originally established under the Broadcasting Funding Act 2003 and was managed by the Broadcasting Commission of Ireland.

The Commission had a policy of investing surplus funds in various commercial bank accounts as to maximise the interest return. The Broadcasting Act 2009 transferred the management of the Fund to the Broadcasting Authority of Ireland and it provided that the Fund consists of a current account and an investment account.

In the period of account the Authority continued this policy adopted by the Commission and retained the surplus funds on deposits with commercial banks. The Authority are liaising with the Department of Communications, Energy and Natural Resources on the specific requirements of this section of the legislation.

### 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 (BAI) 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 01/10/2009	Cash Flows	At 31/12/2009
Cash in Hand/Bank	1,063	320	1,383
Deposits	13,724	784	14,508
Total	14,787	1,104	15,891

## Notes to the Financial Statements

for period ended 31st December 2009

### (a) Reconciliation of Net Cash Flow to Movement in Net Funds

	2009 €'000
Increase/(Decrease) in cash during the year	320
Cash lodged in Deposits	<u>784</u>
Change in Net Funds	1104
Opening Net Funds	<u>14,787</u>
<b>Closing Net Funds</b>	<b><u>15,891</u></b>

### 8. Transfer from the Fund operated by the Broadcasting Commission of Ireland

On establishment, the Fund operated by the Broadcasting Authority of Ireland acquired the net assets of €14,241,908 from the Fund operated by Broadcasting Commission of Ireland in accordance with the provisions of the Broadcasting Act 2009.

	€'000
Debtors	111
Cash & Bank Deposits	14,787
Creditors	<u>(656)</u>
<b>Net Assets</b>	<b><u>14,242</u></b>



