



ANNUAL REPORT

2009

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# Pone



**MISSION,  
VISION &  
CORE VALUES }**



PONC

*TG4's mission is to provide an attractive and innovative television and content service in Irish, that celebrates Irish creativity and identity – language, culture, music and sport, packaged and presented to be accessible and appealing in order to connect to audiences in Ireland and worldwide.*

TG4's vision is "to continue to promote successfully the Irish language and culture using television and web content so as to ensure a central place in Irish people's lives, both in Ireland and abroad".

While TG4's vision and mission set out what the organisation will achieve and the strategies it will use to deliver on its public service objectives, TG4's values influence the way in which they will be achieved, the manner in which it works with its key stakeholders and overall reflect the principles which are the founding characteristics of the organisation. The culture of the TG4 organisation is built on these values. It is expected that each TG4 employee lives these values day-to-day and uses them as their guiding principles to inform and direct their on-the-job behaviours.

### TG4 Core Values

#### Connection:

- To provide a daily link for the Irish language to every household in the country.
- To put our audiences at the centre of everything we do.
- To offer an alternative viewpoint on national and international affairs.

#### Quality and Value-for-Money:

- To provide a high quality programme schedule.
- To operate a cost effective and efficient structure.

#### Creativity:

- To be creative in our output and everything we do.
- To continue to deliver innovative and unique programmes.

#### Proactive:

- To maintain the can do attitude cultivated and now established within our organisation and staff.





**TG4'S  
COMMITMENTS  
FOR 2009** }





**TG4's key priorities for 2009 were outlined in its Statement of Commitments as follows:**

- To broadcast a strong programming schedule to maintain and where possible increase audience share in a highly competitive marketplace.
- To continue to deliver high quality, innovative programming in conjunction with the independent production sector, despite an increasingly challenging economic climate.
- To continue to successfully deliver on our remit of promoting and developing Irish language and culture.
- To secure sufficient funding in addition to maximising our commercial income and additional financial support from external programme funding schemes.
- To ensure a smooth transition to DTT in addition to increasing multi-platform access both North and South of the border.
- To drive the on-going development of our services across television, online and other platforms as appropriate.
- To ensure our operations are efficient, effective and compliant and represent value-for-money.



SEACHT

**TG4's corporate targets for 2009 are set out in its Statement of Commitments. In all 28 corporate commitments were set down.**

### **Programming**

1. TG4 will commission and broadcast a wide range of new high quality, innovative Irish language content across all programme genres and ensure a distinctive *súil eile* perspective.
2. Move further towards a 35-week core schedule in 2009 and increase the amount of Irish language content from 4.4 to 4.6 hours per day.
3. Maintain current cost per hour and ensure value-for-money.
4. Secure a minimum of €2.5m from the BCI and £2m from the ILBF in 2009.
5. Maximise additional financial support for programme projects from external sources including striving to secure €500k from the Irish Film Board for two TG4 projects.
6. Work with the ILBF to support the creation of a viable production sector in NI by targeting a small number of companies for joint project development in 2009.
7. Achieve overall national audience share of 2.7% and improve TG4 shares if possible, in key targeted demographic sectors including kids, young adults and adults.

### **Irish Language and Culture**

8. Establish TG4 as a central player in the Government's new 20-year plan for Irish.
9. Spend at least 70% of Exchequer current funding on Irish language content.
10. Commit a share of Irish language programming spend to commissioning content from Gaeltacht-based companies.
11. Continue the delivery of the television development scheme in conjunction with Údarás na Gaeltachta, directly supporting 10 Gaeltacht-based production companies in 2009, in addition to implementing two new production development initiatives to advance the creative talent within the sector.

### **Governance**

12. Engage in ongoing dialogue with key industry stakeholders, regulators, broadcasters, policy-makers and other key bodies on all aspects of broadcasting operations, codes and regulations.
13. Work closely with the TG4 Board to comply with all relevant and binding codes and regulations under which we function.
14. Deliver two Internal Audits and Risk Management and Health and Safety reviews of TG4.

### **Technology**

15. Further develop the TG4 website to reach 450k unique visitors and 5.5m page impressions and further enhance the TG4 BEO offering to achieve 1.7m programme streams in 2009.
16. Continue to make the TG4 broadcast signal available on an all-island basis, developing a viable audience share in Northern Ireland and exploring possible means to measure it and through availability of TG4 across all broadcast platforms in Ireland.
17. Continue to work with the RTÉNL to facilitate the distribution of TG4 on the DTT network and work with OFCOM in the UK to ensure TG4 is positioned on MUX 2 in advance of analogue switch-off in 2012.
18. Develop TG4 programming and service strategies to support the transition to DTT.
19. Enhance critical TG4 systems and processes through completing the implementation of the new Digital Asset Management System (DAMS) and through ongoing development of the Finance, HR and key broadcast systems
20. Provide TG4 content for the Irish Diaspora channel in conjunction with RTÉ and promote TG4 through this channel.

### **Finance and the Economy**

21. Build on 2008's contribution to the national economy by adding at least €58m to national earnings in addition to an associated employment impact of some 1,400 jobs.
22. Strive to achieve an increase in Exchequer funding of €6.9m for 2010 as per the Funding Plan and to position the case for TG4 multi-annual funding with the Government.

23. Generate airtime sales and sponsorship revenue of €2.7m on a targeted audience share of 2.7% and evaluate the potential to raise additional revenue from other sources such as the TG4 website and new content distribution mechanisms.

24. Seek to secure overhead cost reductions where possible across all TG4 Departments in 2009.

### **Human Resources/Staff Development**

25. Continue to cultivate a culture of continuous improvement within TG4 through investing in talent and HR management and development.

26. Further enhance the efficiency of TG4 work practices in conjunction with the new system implementations.

### **Branding and Marketing**

27. Develop a marketing and branding plan to deliver four high quality, high impact campaigns across radio, TV and print to retain existing audiences and attract new audiences to TG4.

28. Reinforce the TG4 brand through TG4 branding campaigns and through delivering three new idents in 2009. Begin development of brand progression for the 2010 / 2011 idents.



SEACHT



# *Gradam Ceoil* **TG4**

**KEY TG4  
PERFORMANCE  
HIGHLIGHTS OF 2009**

***TG4 performed strongly in fulfilling its commitments in 2009 despite a very challenging financial environment and the requirement to implement significant expenditure and cost reductions throughout its operations during the year:***

Overall, TG4 fully achieved 24 of its 28 corporate commitments. Four commitments were substantially achieved. These were heavily dependent on funding levels and with the considerable reduction in TG4's current Exchequer funding over the year, TG4 had to implement a series of expenditure reductions across all areas of its operations, which impacted on the full delivery of four corporate targets for the 2009 year.

- Irish language content remains TG4's core role and over the 2009 year, it delivered strong levels of new attractive and high-quality Irish language programming which drove solid audience levels to the channel and attracted many awards.
- Over 2009, TG4 broadcast a wide range of high-quality Irish language programming which reflected the cultural diversity of the whole island of Ireland and which strove to entertain, inform and educate. It output an average of 4.58 hours of original/new Irish language programmes per day, representing a total of 1,672 hours, which were provided to the schedule during the year. Despite the reduction in TG4's current funding, this represented a 3.53% increase on the 2008 year due to the significant uplift in Sound and Vision and Irish Language Broadcast Fund (ILBF) funding which was secured for TG4 commissioned programming during the 2009 year.
- In terms of the adult programming schedule, many new programmes were developed and broadcast over the year. For example, *"Feirm Factor"*, *"An GAA @ 125"* and the highlight of the autumn schedule, *"Rásaí na Gaillimhe"*, a new seven part drama comedy series which drew huge acclaim with the first programme in the series watched by 123,000 viewers.
- 2009 also saw further technical enhancement of TG4's high quality Nuacht service.
- TG4 continued to deliver a strong service for children and teens with the broadcast of over eight hours of children's and teen programming every day. During the year, TG4 also developed a new two-hour programming slot for teenagers, *"Ponc"* (a mixture of popular series and studio links with early signs in 2010 already showing that it has doubled its share with the target audience since launch).
- TG4 continued to deliver a strong supporting schedule, which enhanced the overall programme schedule and overall, has demonstrated through strong audiences and viewing shares, the demand for entertaining and distinctive Irish language content.
- TG4 achieved an overall audience share of 2.6% in 2009 – a 4% increase on its 2008 national share of 2.5%. This is a strong performance in the face of an increasingly competitive broadcasting market and more importantly, the fact that almost all other major channels in the Irish market experienced national viewing share declines. Indeed, TG4 experienced one of the biggest year-on-year growths of all television channels in 2009. TG4 also performed extremely strongly in achieving share increases in a number of critical demographic sectors over 2009. For example, Adults 15+ viewing share increased by 4% to 2.7% in 2009, Adults 25-54 viewing share increased by 17.4% to 2.7% and Men 15+ viewing share increased by almost 7% to 3.3%. These figures reflect strong growth due to development and delivery of a robust programming strategy.
- TG4 spent the majority of its current Exchequer funding (70%) on the production of Irish language content in addition to 16% on the broadcast of Irish language content. The remainder of its current funding (14%) was spent on overheads which include all publicity and marketing – including that of the channel and its programming.
- In 2009, TG4 commissioned almost €18m from the independent production sector and additionally undertook a number of initiatives to support the development of its creative talent and programming projects. While the 2009 value represented a slight decline on the 2008 value (less than 3%), this amount was in the context of an extremely difficult economic and funding environment in which TG4 endeavoured to avoid reductions in its programming expenditure following the significant reductions which occurred in its Exchequer funding during the 2009 year. This was particularly important for TG4 due to the fact that programming expenditure is vital to the achievement of two of its strategic goals, namely, developing the programming schedule further and supporting the Irish language independent production sector.
- Allied to this, in addition to the 83 people employed in the station, it is estimated that TG4 sustains almost 300 jobs directly in the production sector in addition to having a wider impact on the national economy by contributing €63.9m to national incomes with an associated impact of approximately 730 jobs in 2009 alone – a total of over 1,113.



- A critical target for TG4 in 2009 was to increase its Exchequer funding for the 2010 year. The deterioration and decline in Government finances naturally had significant implications for this and over 2009, TG4 experienced a reduction of €2.8m in its current Exchequer funding in the Government's second 2009 budget with 2010 funding then reduced by almost 8% from €35m in 2009 to €32.25m.
- While already operating as efficiently, cost effectively and prudently as possible over 2009, TG4 identified savings in all operational areas while endeavouring not to impact the quality of programming output. To address the severe reduction in its funding and commercial income during the 2009 year, TG4 approached all of its suppliers and contractors in addition to consulting internally, seeking co-operation and savings with a total saving of just over €3m made across all cost areas. It is important to note that TG4's Board and staff unanimously agreed to take a fee/pay cut of up to 10% over the year as part of the channel's cost reductions. Overall, TG4's approach is to continue to maintain cost efficiency on commissioned programmes and in-house productions and to control its overhead costs to maintain a lean and cost effective structure.
- TG4 continued to secure major increases in its web TV usage with the service achieving an average of 155,000 streams per month in 2009. TG4's website achieved 3.75m page impressions, 32m hits and almost 1m visitors.
- TG4 progressed a wide range of service developments over 2009 including: website enhancements, DAMS, DTT and High Definition TV developments, children's television services etc. It also delivered on the training needs of staff, identified and effected significant changes in new technology, implemented a new Web TV contract whereby it will be able to offer programme streams with three speeds or byte rates, namely 450, 800 and 1200 KB per second. This is a major development and will position TG4 ahead of industry standards enabling it to provide content to meet Irish, UK and US market standards. The continued implementation of TG4's Digital Asset Management system was a major initiative in 2009. TG4 is moving to a tapeless operating environment through the DAM system with the project being the biggest internal undertaking since the initial technical engineering project to establish TG4 in the mid-1990s. The design and specification of the DAMS infrastructure was completed in early 2009 with the full go live date set for July 2010.
- TG4 received 41 awards in 2009 across its programming, personalities and marketing/branding areas. They included major national and international awards such as Irish Film and Television awards (IFTAs), Celtic Awards, Sharks, CIAKs, Worldfest Houston Awards and an Emmy nomination. These awards reflect TG4's ongoing ability to commission and broadcast content with a distinctive *súil eile* perspective that is capable of impressing not just the core domestic audience but also the highest standards of international competition. As a reflection of TG4's innovative marketing activities, in 2009 TG4 also won many marketing, branding and promotion awards including Sharks and for TG4, its first ever Gold European Promax Award. TG4 was delighted that during the year, Seán Mac a tSíthigh received a European TV Young Journalist of the Year award.
- The move towards Digital Terrestrial Television (DTT) remains as vital as ever. However, while Ireland continues to target analogue switch-off by 2012, TG4 is concerned that the country has fallen a year behind from the original DTT rollout plan and that there is still no clear roadmap for the rollout of MUX 1 and the commercial MUXES. As satellite and digital cable penetration continues apace, it is critical that DTT implementation is progressed as quickly as possible and that 98% penetration is achieved by 2012.
- 2009 saw the drafting of the Government's "20-Year Strategy for the Irish Language 2010-2030". TG4 engaged with the Government's working groups and panels of experts appointed to assist in the formulation of the Strategy and over 2009, continued to advocate to Ministers, high-level public officials, state agencies and Irish language groups, about the crucial importance of the media, indigenous content creation and new technologies for social networking in supporting the development of the Irish language. As the national Irish language public service broadcaster, TG4 aims to be a pivotal player in the implementation of the Government's Strategy and while it recognises that these are challenging economic times and that funding to deliver it will be scarce, TG4's aim is to participate fully in the Strategy's implementation. It is vital for promoting Irish and for making the Irish language and culture accessible for all age groups both in Ireland and abroad.



- In terms of governance and compliance, TG4 engaged in regular dialogue with all bodies, agencies and regulators to whom it must report, and fully complied with all regulations and codes to which it must adhere. TG4 also undertook three internal audits on Information Technology, Personnel and Fixed Assets and had an external audit undertaken by the Comptroller and Auditor General. In addition, a full risk and risk management review of the organisation was carried out in late 2009 with the review confirming that all the major risks to which TG4 is exposed have management visibility and are managed by defined processes.

*In conclusion, 2009 was an unprecedented year for the economy, with the global economic slowdown and the financial crisis that accompanied it making the year one of the toughest that has been faced by Irish businesses for a very long time.* TG4 felt the impact and over the year, it lost over €5m from its Exchequer funding in addition to over a third of its commercial income. In the long-term, a funding reduction will not be sustainable. Lower funding will result in both less independent sector programming commission expenditure and less new / original Irish language programming hours. An ability to sustain a high quality programming schedule is critical to the competitive development of TG4 as a national channel - not only to make an impact on viewership (and consequently the ability to generate commercial revenue) but also for its wider impact on the profile of TG4 as a national channel and on the promotion of the Irish language. As such, going forward, it is vital that TG4's budget is increased. TG4 has also played a central role in the development of the independent production sector. Inadequate current funding for 2011 and beyond will have a significant negative impact on the sector. Further budget reductions will result in the number of productions being cut and not only will this have an impact on the level of original Irish language content being broadcast on TG4, it will see jobs being cut in the independent production sector and a knock-on impact on regional employment.



GRADAM CEOIL TG4



# THE BOARD OF TEILIFÍS NA GAEILGE & OTHER INFORMATION }

**Rásaí  
na  
Gaillimhe**



## 1. The Board of Teilifís na Gaeilge and Other Information

The Board of Teilifís na Gaeilge was established in April 2007 under the provision of the Broadcasting Act, 2001. The Board members were appointed by the Minister for Communication, Marine and Natural Resources.

In 2009, under the provision of the Broadcasting Act 2009, the Director General, Pól Ó Gallchóir, became an ex-officio board member.

*The Board met 8 times during the 12 months to the 31st December 2009.*

## 2. Board Members and Director General at 31st December 2009



Peadar Ó Cuinn  
(Chairman)



Seosamh  
Ó Conghaile



Eilís  
Ní Chonnaola



Pádraic  
Mac Donncha



Bríd  
Ní Neachtain



Fergal  
Ó Sé



Regina  
Uí Chollatáin



Méabh  
Mhic Gairbheith



Méadhbh Nic  
an Airchinnigh



Pól Ó Gallchóir  
(Director General)

## Company Secretary and Registered Office

*Mary Uí Chadhain  
TG4  
Baile na hAbhann  
Co na Gaillimhe*

## Secretary to the Board

*Pádhraic Ó Ciardha*



**Sub-Committees of the Board**

There are two sub-committees of the Board as follows:

**3. Audit Committee**

Three members of the Board serve on the Audit Committee –

*Regina Uí Chollatáin (Chair)*  
*Pádraic Mac Donncha*  
*Fergal Ó Sé*

During the 12 months to 31st December 2009, they met on 4 occasions after which they reported to the Board.

*The Internal Audit function reports directly to the Audit Committee.*

**4. Remuneration Committee**

The Remuneration Committee comprises:

*Peadar Ó Cuinn (Chairman)*  
*Eilís Ní Chonnaola*  
*Méabh Mhic Gairbheith*  
*Brid Ní Neachtain*

*During the 12 months to 31st December 2009 they met once.*

**5. Auditor**

*Comptroller and Auditor General*  
*Treasury Block*  
*Dublin Castle*  
*Dublin 2*

**6. Solicitor**

*Landwell Solicitors*  
*One Spencer Dock*  
*North Wall Quay*  
*Dublin 1*

**7. Main Bankers**

*AIB*  
*Lynch's Castle*  
*Galway*

A high-action photograph of a Volvo Ocean Race sailboat, likely a Volvo 70, heeling overboard at a steep angle. The crew, dressed in blue and yellow racing gear, are visible on the deck, some raising their arms in celebration. The boat's white hull and complex rigging are prominent against a clear blue sky. The water is a deep blue, with white foam from the waves splashing against the hull.

# CHAIRMAN'S REPORT }

**Volvo  
Ocean  
Race**



*2009 was an unprecedented year for the economy, with the global economic slowdown and the financial crisis that accompanied it making the year one of the toughest that has been faced by Irish businesses for a very long time.* TG4 also felt the impact and over the year, we suffered a 7.5% current funding reduction in the supplementary Budget of April 2009 in addition to a significant reduction in our commercial income. Given this significant financial setback, we performed well and maintained the quality of our programming and content output over the year. This was in no doubt due to our rapid response to the downturn and – despite already operating cost efficiently – our implementation of tough expenditure reductions in all areas of activity. In this regard, we are truly grateful for the cooperation and support we received from our Board, staff, suppliers and programme-makers in cutting our costs.

During its second calendar year in office, the Board worked well and began the year by setting down our plans for the service in an annual Statement of Commitments for 2009 and a five-year Corporate Strategy report for the period 2009 – 2013. Through these, the Board supported TG4 by setting the strategic direction, the priorities and the budgets to ensure that TG4 is clear about what is expected of it and that it is meeting these expectations.

2009 was a year in which the Irish broadcasting landscape evolved significantly: the enactment of the Broadcasting Bill by the Oireachtas; the continued progress (albeit slower than planned) towards digital terrestrial broadcasting; the ever increasing adoption of digital and satellite services, with consumer take-up expected to break-through the 70% threshold over 2010; and the Northern Ireland Affairs Committee Third Report on Television Broadcasting in Northern Ireland. All of these have put broadcasting in Ireland into the spotlight with no question that TG4 is now an essential part of this landscape. The channel has continued to demonstrate through strong audiences and viewing shares, the demand for entertaining and distinctive Irish language content. This will remain TG4's core role but in addition, as the broadcasting landscape continues to evolve, TG4 will do likewise. We will continue to enhance and develop our services to meet audience needs and to attract new audiences. TG4's services must be sufficiently strong and vibrant to ensure that we celebrate and promote the Irish language and culture in an accessible and engaging manner and create a daily link with the Irish language for every household on the island.

The quality and uniqueness of our programming remains at the heart of this objective and over 2009, TG4 featured a strong programming schedule. Despite the fact that we compete directly with hundreds of English language channels which are available in

Ireland, we continue to prove yet again, that when we have the resources and the ability to commission wonderful new Irish language programming from the creative independent production sector to enhance our schedule, TG4 proves very popular, particularly during special viewing times such as Christmas, St. Patrick's Day and Easter. 1.1m people watched TG4 on St. Patrick's Day in 2009 and we achieved an 8.2% share, being for the first time, the third most popular channel in Ireland on that day. Easter Sunday was also strong with an audience share of over 5%. The 2009 Christmas festive period finished the year with a strong set of ratings, with Christmas day securing a 4.5% viewing share. This undoubtedly shows that there is a demand from audiences for our high quality programming and a need for us to retain our strong position in the Irish broadcasting landscape.

We continue to cater for all audiences throughout Ireland and abroad, whose preferred spoken language is Irish or who otherwise have an interest in Irish. Not only do we cater for those with an interest in the Irish language, but also for all those who have an interest in Irish culture including sport and music. Through our website and our Web TV service (TG4 BEO), we are not restricted to just the Irish marketplace however, but rather, we deliver a "worldwide" Irish language service to hundreds of thousands of viewers outside Ireland. Our Web TV service achieved almost 1.9m streams in 2009 with the website securing 3.75m page impressions, 32m hits and almost 1m visitors over the year.

TG4 also continued to emphasise the importance of young people during the year. We provide a comprehensive service broadcasting eight hours of children and young people's programming per day and we continue to place an emphasis on innovation, choice and interactivity. It is the most competitive area of the schedule and targeting it is critical for TG4 as we must encourage a positive attitude towards the Irish language and recruit our future viewers. The launch of "*Ponc*" in 2009, TG4's new programming slot for young adults, in addition to the broadcast of the TG4 children's broadcast "block" on NTL Cable "Kids Zone" on channel 602, were both firm indicators of our dedication to this competitive audience category.

Our high quality was reflected in the fact that in 2009, TG4 won 41 awards for our creative output including programmes and branding/marketing. This included for the first time ever for TG4, a European Gold Promax award.

These awards are also a testament to the creativity of the independent production sector with whom TG4 works in order to produce our unique programming. In this regard, TG4 invested over €18m with the sector on commissioning a large number of new high-quality,



innovative and award winning programmes. Through this and through the implementation of new sector development schemes in conjunction with Údarás na Gaeltachta and other organisations such as the Broadcasting Authority of Ireland (BAI) and Filmbase, we developed skills and nurtured talent throughout the sector. It is critical, for the development of Irish creative talent and for the support of regional employment that TG4 can continue to commission original programming content from this sector and the Board continues to support TG4's policy of sourcing a significant portion of TG4 Irish language programming from Gaeltacht-based independent companies. The outputs of TG4's investment – both the programmes commissioned and broadcast on TG4 in addition to the skills of all those involved in their production – make us very optimistic regarding the sector's future, despite the downturn in the economy over the past two years.

The significant contribution of the BAI "Sound and Vision" fund and the Irish Language Broadcasting Fund (ILBF) also need to be recognised in terms of the contribution they have made to the development of the indigenous Irish language production sector. Over 2009, TG4 helped the production sector to secure over €5m from these funds to work on TG4 programme projects that would otherwise not have been made and as such, they add a huge amount to the Irish production and broadcasting market.

In terms of digital terrestrial and all-island service development, TG4 undertook a number of activities over 2009. Despite the significant delays in the rollout of the digital terrestrial service, TG4 continued to participate fully in its establishment and to work with RTÉNL to facilitate the distribution of TG4 in the Republic. With impending analogue switch-off in the UK, we also worked closely with all relevant agencies and Departments in the North and South, to ensure that TG4 is widely available in Northern Ireland and that we secure digital terrestrial carriage on MUX 2 (for Public Service Broadcasters). We were pleased to hear that in early 2010, the Irish and UK Governments agreed a Memorandum of Understanding to ensure the continuing widespread availability of TG4 in Northern Ireland following digital switchover.

TG4 also worked with the Government in 2009 on its "20-Year Strategy for the Irish Language 2010-2030" which was published in draft late in the year. As the national Irish language public service broadcaster, the Board is committed to ensuring that TG4 becomes a pivotal player in this plan and we look forward to working closely with the Government on its implementation. We appreciate the commitment supporting TG4 (as set-down in the Strategy), as the provider of Irish language television services and the

recognition that sufficient funding is vital for TG4 to deliver on its statutory remit.

Over the year, the economic environment and decline in Government finances have had significant implications for TG4 as a Government-funded initiative. Looking ahead, the funding environment will remain TG4's greatest challenge. While we are confident that the channel will continue to deliver a strong attractive programming schedule and to secure robust audience share levels, adequate Exchequer funding will remain a key requirement for TG4 into the future. I noted earlier that I believe TG4 holds an important and vibrant place in the Irish broadcasting landscape. To ensure this remains the case and that the development of the TG4 service continues unabated, we must secure optimum levels of financial support in the future. This will ensure we continue to have a positive impact on Irish language and culture and on employment in the independent production sector and the wider national economy where we make a significant economic contribution.

Over 2009, we worked well with the newly established BAI, which took over the roles, duties and functions of the Broadcasting Commission of Ireland (BCI) during the year. We thank them for their continued support and ongoing interaction on many important areas of TG4's operations and development.

I would like to thank the other members of the Board for their dedication to, and support for, TG4. The manner in which they have helped to ensure a strong position for Irish language Public Sector Broadcasting has been tremendous.

I would specifically like to mention the Board's Audit Committee. It met extensively over 2009 and focused in particular on undertaking audits and evaluations of a number of critical processes within the organisation. This work was undertaken by TG4's internal auditors, DHKN, and covered the areas of Risk Assessment, Information Technology, Fixed Assets and Personnel. The analysis confirmed that prudent and efficient practices and safeguards are in place in TG4. Overall, the Board is confident that TG4 is delivering well on its statutory remit with the organisation placing an emphasis on transparency and accountability particularly with respect to Exchequer funding. The Board is also confident that TG4 continues to discharge its duties well and prudently.

All that remains is for me to thank some other important individuals and organisations. Firstly, I would like to thank Minister Eamon Ryan and his officials from the Department of Communications, Energy and Natural Resources for their continued support throughout 2009.

*I would also like to thank RTÉ for its ongoing support for TG4 during the year, particularly in its annual statutory provision of 365 hours of Irish language content.*

I would like to emphasise that what makes TG4 so successful is the work of its dedicated management and staff and the strong leadership of the Director General, Pól Ó Gallcháoir. I would like to thank them and him for his continued vision, energy and expertise. Last but not least, I would like to thank the Board and Company Secretaries and all others who have contributed to the ongoing success of TG4.

In conclusion, it should be remembered what TG4 has achieved since its establishment, namely, over thirteen years of distinctive Irish language television, celebrating Irish identity and being widely accepted as the most positive, accessible and creative measure implemented by the Government to promote and bring a sense of enjoyment to the Irish language. As we experience these difficult economic times, I believe this shouldn't be lost and that TG4 must continue to focus on its strategy to successfully promote the Irish language and culture to ensure that it has a central place in Irish people's lives.

**Peadar Ó Cuinn**  
Chairman





**DIRECTOR  
GENERAL'S  
REPORT**



**Ros na  
Rún**



## Introduction

*For TG4, 2009 proved that the channel could continue to deliver successfully an attractive and innovative broadcast and content service in spite of the many financial and competitive market challenges that confronted us during the year.*

2009 was a difficult year. The Irish economy, along with the remainder of the world's developed economies, faced a testing macro environment with much written over the year about the global downturn and the deterioration in the Irish economy and Government finances. The downturn naturally had significant implications for TG4 as we rely on the State for the lion's share of our funding. In 2009, TG4 lost 7.5% of its current Exchequer funding in the supplementary Budget of April 2009 and had a further 8% cut imposed on our 2010 current funding in the December 2009 Budget. This was in conjunction with suffering a significant reduction in our commercial income driven by the downturn in television advertising expenditure throughout the Irish and indeed global marketplaces.

However, we are not alone in facing these challenges and we, along with many other organisations across all industry sectors, adapted to the new circumstances and made the necessary adjustments to our spending across all areas of our business. Despite the tough environment, TG4 performed strongly in fulfilling our commitments in 2009 in addition to maintaining the quality of our programming and content output. This is in no doubt due to the investment TG4 has made in previous years coming to fruition, particularly in areas such as our programme commissioning and acquisitions approach, our operations and technology and also to our overarching strategy of pursuing an operating model which works as efficiently as possible.

Highlights of the year which reflect our strong performance include: TG4's national audience share growth; delivery of new attractive Irish language programming which drove significant audience levels to the channel and won many awards; positive developments in our schedule including a new young adult's programming slot; and, a strengthening of the underlying operations of the service driven by continued investment in a Digital Asset Management System and other systems, prudent management and cost control and on-going improvements in productivity and utilisation of assets. All of this has ensured that we have continued to deliver on our mission to promote successfully the Irish language and culture through television and web content, to ensure a central place in Irish people's lives, both in Ireland and worldwide.

## Programming

Of vital importance to TG4's service is a high quality, attractive and distinctive public service programme schedule. It continues to underpin the competitive development of TG4 as a national channel and remains our key strategic focus and guiding force for almost all of our activities.

Over 2009, TG4 broadcast a wide range of high-quality Irish language programming which reflected the cultural diversity of the whole island of Ireland and which strove to entertain, inform and educate. We output an average of 4.58 hours of *original / new* Irish language programmes per day, representing a total of 1672 hours which were commissioned / acquired and broadcast during the year. We continue to work hard towards delivering six hours of original Irish language content per day as set out in our strategy and it is our objective to build to this by 2014.

Over 2009, we sourced new Irish language programming across all programming genres (drama, documentaries, entertainment/lifestyle, music, sport etc.) in addition to ensuring that it contains what TG4 describes as a *súil eile* perspective or a niche, unique and high-quality focus.

The strength of TG4's programming schedule over the 2009 year was clearly reflected in our viewing performance. TG4 commenced the 2009 year on a "high" from an exceptionally strong year at the end of 2008. National audience viewing figures showed that 3.1m (75% of the population) watched TG4 at some stage over the 2008 Christmas period with 1.35m people watching TG4 on Christmas Day alone. TG4's share of viewing of 5.6% made us the 5<sup>th</sup> most popular channel in Ireland on the day. In all, we had a very strong 2008 Festive season with the highlight of the programming schedule being the excellent "*Kings*", TG4's first ever feature length Irish language film.

This strong pattern continued into the 2009 year proving again and again that when we invest additional resources in Irish language programming for peak audience viewing periods such as Christmas, St Patrick's Day and Easter, TG4 always sees a significant increase in audience share. This illustrates clearly that there is a demand from the audience for our programming and a need for TG4. For example, 1.1m people watched TG4 on St. Patrick's Day in 2009 and we secured an 8.2% share and were the 3<sup>rd</sup> most popular channel in Ireland that day. Easter Sunday also proved successful with an audience share of over 5%. The 2009 Christmas viewing period closed the year for TG4 with once again a strong set of ratings with the highly competitive Christmas day securing a 4.5% viewing share.

In early 2009, many of our Irish language programmes consistently attracted over 100,000 viewers, with programmes such as *"Feirm Factor"*, *"Glór Tíre"*, *"An GAA @ 125"*, *"Scéalta ón Ríocht"*, *"Ros na Rún"*, *"Ceol ón gCroi"* and *"Ag Bogadh go Inis Meáin"* continuing to address the demand for entertaining and attractive Irish language content.

The new entertainment programme, *"Feirm Factor"* was developed for the 2009 schedule and it attracted consistently strong audiences and good reviews over the year. Likewise, a new series, *"Garraí Glas"*, which tracks the sowing and harvesting of organic foods was recorded all over the country throughout the four seasons of 2009 and began broadcasting in January 2010.

TG4 featured many strong programmes in our autumn schedule such as *"An Jig Gig"*, *"Na hAmhráin is Ansa Liom"*, *"Stíl na Réalt"*, *"An Bóthar go dtí an Whitehouse"*, *"Cérbh É"* and *"Ceol na nOileán"*. The highlight of the autumn schedule was *"Rásaí na Gaillimhe"*, a new seven part drama comedy series centred around and filmed at the Galway Races which drew huge acclaim with the first programme in the series watched by 123,000 viewers.

Our Christmas schedule featured a number of fine documentaries, including *"Patrick Mc Gill"*, *"Damhsa an Diabhail"* and *"An Cardineál Ó Fiaich"*. We also featured some of the best Irish films such as *"Ballroom of Romance"*, *"Intermission"* and *"The Butcher Boy"*.

In terms of films overall, the introduction of a Saturday night film slot played a part in strengthening TG4's schedule and we secured a strong library of titles of world cinema with an emphasis placed in 2009 on acquiring film titles of special Irish interest, such as the aforementioned *"Ballroom of Romance"* which achieved a very strong rating in the Christmas 2009 schedule.

Irish music also played an important part in TG4's 2009 programming. Easter saw the broadcast of *"Gradam Ceoil"* (with the newly opened Wexford Opera House chosen as a new venue for the Gradam Ceoil Music Awards) during which Charlie Harris was presented with the TG4 Gradam Ceoil 2009. In addition, we broadcast a number of concert specials throughout the year such as Tommy Fleming and Sharon Shannon.

Sport continued to play a vital role in TG4's programming schedule. It was a significant driver of daytime viewing shares in 2009 with 152 live sporting events broadcast during the year. 250,000 people watched the All Ireland Club Finals from Croke Park on TG4 in 2009 and we additionally provided comprehensive coverage of the Allianz National Football and Hurling Leagues with up to 200,000

viewers watching the Finals on the channel. Comórtas Peile na Gaeltachta was held for the first time in Ros Muc, Co. na Gaillimhe and we broadcast the two finals live from there. In May, the Volvo Ocean Race spent two extremely successful weeks in Galway Bay and TG4 provided over forty hours of coverage of the race including over four hours of live coverage from Galway Bay. The sporting theme continued during summer 2009 as we provided complete coverage of Roland Garros, Wimbledon and the Tour de France.

Over 2009, TG4 also celebrated the 125<sup>th</sup> anniversary of the GAA with the broadcast of a new highly successful ten part series, *"GAA@125 Bliain"*. This series was the largest independent television documentary series commissioned and produced in Ireland in 2008. During the Club Finals in Croke Park, TG4 presented the President of the GAA, Criostóir Ó Cunaigh, the Ard Stiúrthóir, Páraic Duffy, the former president, Nickey Brennan and the broadcaster Micheal Ó Muircheartaigh with special commemorative copies of the series. The actual commemoration took place on the 1<sup>st</sup> November 2009 and on that day TG4 broadcast 12 hours of GAA programming including a live match from Semple Stadium in Thurles, the birthplace of the GAA in 1884.

TG4 was proud to continue our association with Cumann Peil na mBan over 2009, both as a sponsor and broadcaster. We broadcast 20 live matches during the year. 2009 was a special year for the Cork Ladies Senior team, which captured their fifth senior title in a row, a game that was watched by up to 230,000 viewers.

2009 also saw many developments in TG4's programme schedule for children and teenagers. This category is the most competitive area of the schedule and TG4 provides a strong service broadcasting over eight hours of children's and teen programming every day. Targeting this audience is critical for TG4, as we must continue to encourage a positive attitude towards the Irish language and recruit our future viewers. Two major developments occurred in 2009 to support this requirement. The first was the development of a new two-hour programming slot for teenagers, *"Ponc"*. The slot contains a mixture of popular series and studio links and early signs in 2010 already show that Ponc has doubled its share with the target audience since launch and now sits in 8<sup>th</sup> place overall at its time of transmission. The second major development was the broadcast of the TG4 children's broadcast "block" on NTL Cable "Kids Zone" on channel 602 (NTL's children's programming starts at channel 601). This was a real achievement in the face of extensive competition with our aim being to further develop on this success.

Over 2009, TG4 continued to broadcast a comprehensive daily service for children, from *"Cúla4 na nÓg"* for preschool kids and the renowned afternoon show



*"Cúla4"* for older children. Key programmes included *"Lola agus Virginia"*, *"Elmo Anseo"* and *"Dive Olly Dive"* amongst many others, with the latter securing numerous programming awards including an Emmy nomination.

Over the year, TG4 also provided comprehensive coverage of the European and Local elections and the Tánaiste, Mary Coughlan T.D. was our special guest for our results programme.

To support our schedule, TG4 continued to participate in the World Indigenous Television Broadcasters Network and its documentary and news exchange schemes. TG4 received 20 hours of new documentary and "human interest" programming for our programming schedule from the Network (at no cost to us) and we also exchanged 12 news programmes over summer 2009.

*"Ros na Rún"*, TG4's Irish language soap, remains a core part of our schedule having been on air since the channel was established in 1996. We were delighted that in 2009, Joe Steve Ó Neachtain who plays Peadar in the series was honoured by Oireachtas na Gaeilge as Aisteoir na Bliana (Irish Actor of the Year) and a real testament to its success is that towards the end of the year *Ros na Rún* screened its 1000<sup>th</sup> episode.

TG4 continues to ensure that our programming has a distinctive *súil eile* perspective. Our drama, documentaries, entertainment/lifestyle and music amongst others, all aim to be unique and to provide a new way of reflecting on their subject matter and of entertaining/informing. Over the year, we won 41 awards for the quality and uniqueness of programming etc. with awards including: two Celtic Media Festival awards for *"Ceolchuaire"* and *"Seacht"*; six Remi Awards from Worldfest Houston for *"Ernie O'Malley"*, *"Kennedy's Cadets"*, *"Mobs Mheiriceá"*, *"Críostaíocht"*, *"Ceolchuaire"* and *"Faoi Lán Cheoil"*; and, a number of awards for *"Dive Ollie Dive"* including as noted, an Emmy nomination.

### Our Audiences

In a very competitive and challenging market, TG4 achieved a national audience share of 2.6% representing a 4% increase on the 2008 year, which is a very positive result. The Irish broadcasting industry has become extremely competitive with a large number of channels operating in the market and TG4's national share increase should be viewed in the context of a decline in the viewing share of the other major channels broadcasting in Ireland and the significantly increased competition arising from cable and satellite television. Indeed, TG4 experienced the biggest year-on-year

growth of all the mainstream television channels in 2009.

TG4 also performed extremely strongly in achieving share increases in a number of critical demographic sectors over 2009. For example, Adults 15+ viewing share increased by almost 4%, Adults 25-54 viewing share increased by over 17% and Men 15+ viewing share increased by almost 7%.

TG4's national viewing share can be analysed by its share of digital versus analogue television households. In 2009, TG4 had a 1.6% share in digital homes (an increase of almost 7% over 2008's digital share). This was good enough to put TG4 in 9<sup>th</sup> place in digital homes nationally, up three places on 2008. Share in analogue homes grew from 3.8% in 2008 to 4.3% in 2009 - TG4's highest ever level. The fact that the digital share is so much lower than the analogue one shows how much pressure TG4 and other analogue channels are coming under in a digital environment. The continued urgency involved in moving Irish channels such as TG4 to the digital terrestrial platform to enable them compete more effectively continues to be as strong as ever.

TG4's strong performance in 2009 shows that it continues to have broad appeal and to cater for those of all age groups in the community whose preferred spoken language is Irish and/or who have an interest in Irish language and culture, particularly sport and music. In particular, these figures reflect very strong growth due to the development and delivery of a robust programming strategy.

### Awards

TG4 received 41 awards in 2009 across our programming, our personalities and our marketing/branding. They included major national and international awards such as Irish Film and Television awards (IFTAs), Celtic Awards, Sharks, CIAKs, Worldfest Houston Awards and Emmys.

Over the year, as noted, TG4 won numerous awards for the quality and uniqueness of its broadcast content and these prestigious awards reflect TG4's ongoing ability to commission and broadcast content with a distinctive *súil eile* perspective that is capable of impressing not just the core domestic audience but the highest standards of international competition. As a reflection of TG4's innovative marketing activities, in 2009, TG4 also won many Marketing, Branding and Promotion awards including Sharks and for TG4, its first ever Gold European Promax Award.

## The Independent Production Sector

TG4 continues to play a central role in the development of the Irish independent production sector, commissioning original programmes produced in Irish and sourcing most of our programmes from in particular, production companies in the Gaeltacht areas and the Western Seaboard. In 2009, TG4 commissioned almost €18m from the independent production sector and additionally undertook a number of initiatives to support the development of its creative talent and programming projects.

While the 2009 value represented a slight decline on the 2008 value (less than 3%), this nevertheless significant expenditure was in the context of an extremely difficult economic and funding environment in which TG4 endeavoured to avoid wherever possible, reductions in our programming expenditure following the significant reductions which occurred in our Exchequer funding during the 2009 year. This was particularly important for TG4 due to the fact that programming expenditure is vital to the achievement of two of our strategic goals, namely, developing our programming schedule further and supporting the Irish language independent production sector.

During 2009, TG4 drove the continued implementation and establishment of new sector development schemes in conjunction with Údarás na Gaeltachta and other agencies such as Filmbase. We continued our investment in supporting ten production companies participating in the "Oifigeach Forbartha Léiriúcháin" (OFL) development scheme in conjunction with Údarás. The scheme has resulted in the development of many high profile, high-end productions which were able to secure Sound and Vision funding. We also launched a new three-year development scheme, "Síol" in conjunction with the Broadcasting Authority of Ireland (BAI), which seeks to develop writing and directing skills. Over the year, this resulted in six scripts being developed, which will be broadcast over 2010.

Over the year, TG4 endeavoured to strengthen the Irish language production sector by ensuring that maximum levels of co-production funding were secured by the sector for TG4 commissioned content, from the Sound and Vision fund and from the Irish Language Broadcast Fund (ILBF) operated by Northern Ireland Screen. In 2009, a total of €5.31m was secured by the sector in BCI and ILBF production funds to work on programme projects with TG4 and deliver programmes that would otherwise not have been made. This represented an increase of over 24% on the 2008 amount.

TG4 also worked in 2009, through the ILBF to build upon the foundation already laid in the Northern Ireland independent production sector in order to

create a strong all-island Irish language production sector. TG4 targeted a number of Northern Irish language production companies which showed the best potential and worked with these companies to produce more programming about the culture, people and locations of Northern Ireland.

TG4 commissions directly sustain almost 300 full-time jobs in the sector. Many but not all of these jobs are located in Gaeltacht areas and this fact, in conjunction with the presence of TG4 itself, makes it a vital part of the economic and social fabric of the Gaeltacht areas. A great example of the contribution TG4 has made is that of its flagship soap series, "Ros na Rún". Now in its 14<sup>th</sup> year of production, direct employment and contracted personnel amount to almost 190 (with an associated value of almost €3m) and the series has been a significant driver of a viable production sector outside Dublin, and has an in-house script to screen policy to ensure that all skills and production expertise can be secured locally<sup>1</sup>.

## Financial Performance

TG4's principal source of funding is provided through Grant-in-Aid from the Department of Communications, Energy and Natural Resources (DCENR). The channel is funded to not only deliver on the standard expectations of a public service broadcaster, but also to promote and develop the Irish language as a critical part of Government policy on the development and preservation of the Irish language and the Gaeltacht.

TG4's use of its public funding is limited to the achievement of its public service objects and duties. TG4 must therefore ensure that its public funding is committed in the most cost-effective way to its core activities and that it delivers value-for-money as a key priority.

In 2009, TG4 received current Exchequer funding of €38.1m (representing an increase of 6.6% on 2008 current funding levels). However, the Government's second 2009 budget, announced in April, included a reduction of €2.8m in TG4's current Exchequer funding for 2009 as part of that Budget's attempts to deal with the severe difficulties facing the Exchequer. Likewise for 2010, TG4's current funding was reduced by over 8% from €35.23m in 2009 to €32.25m, resulting in an almost €6m reduction between the two budgets in 2009.

Due to this significant reduction, while already operating as cost effectively and prudently as possible, TG4 had to identify savings in all operational areas

<sup>1</sup> Film and Television Production in Ireland: Audiovisual Federation Review, 2009



(while also endeavouring not to impact the quality of programming output) and drafting a reduced 2009 budget to take account of the new circumstances proved a difficult undertaking but was completed relatively quickly and implemented immediately.

TG4 additionally generates commercial income primarily in the form of advertising and sponsorship. On average, this represents approximately 10% of TG4's total income with €3m generated in 2009, reflecting the major downturn (upwards of 35%) in television advertising expenditure in Ireland and abroad.

Over 2009, we continued to maintain our focus on efficiency and value-for-money within the organisation. Stringent budgetary controls ensure best value for all monies expended.

### **Web Services**

In line with proceeding years, TG4 continues to embrace new digital technologies to develop our cross-platform content proposition. TG4 has continued to enhance the website and WebTV services, investing additional resources in order to make them more entertaining and accessible, all of which has led to strong growth in use of both services. The WebTV service on [www.tg4.tv](http://www.tg4.tv) ("TG4 BEO") delivers the channel's Irish language content worldwide. The service achieves an average of 155,000 streams per month with the website itself achieving 3.75m page impressions, 32m hits and almost 1m visitors in 2009.

Current international trends include making television programmes freely available as a catch-up service after initial broadcast, for a limited period. TG4 has been supplying programmes online since 2003 and has been a market leader in this regard with its WebTV service. The success of TG4 BEO provides clear evidence of a global market for TG4 content and the potential to have an interactive worldwide relationship with Irish speakers and those disposed towards Irish culture and music is a very exciting opportunity.

In 2009, a key development was made in our WebTV service. Access to online television programming is dependent on byte rates. Currently, TG4's service is provided on 250 KB and 400 KB per second rates while industry standard is that of 800 KB per second. Over 2009, TG4 implemented a new service that will enable us to upgrade our Web TV service. From February 2010, TG4 will be able to offer programme streams with three speeds or byte rates, namely 450, 800 and 1200 KB per second. This is a major development and will position TG4 ahead of industry standards enabling us to provide content to meet Irish, UK and US market standards.

### **20-Year Strategy for the Irish Language**

2009 saw the drafting of the Government's "20-Year Strategy for the Irish Language 2010-2030". TG4 engaged with the Government's working groups and panels of experts appointed to assist in the formulation of the Strategy and over 2009, continued to advocate to Ministers, high-level public officials, state agencies and Irish language groups, about the crucial importance of the media, indigenous content creation and new technologies for social networking in supporting the development of the Irish language. The success of TG4's efforts was evidenced by the contents of the Government's Strategy that was published in November 2009. It contains many references to the importance of Irish language media, highlighting broadcast media and TG4 in particular, as key to achieving the objective of increasing both the number of people with knowledge of Irish and the number of daily users of Irish over the next twenty years. One of the 13 objectives in the 20-Year Strategy is that high-quality broadcast services through the medium of Irish will be ensured, especially through the continuous development of TG4. The Strategy also confirms the Government's high priority for TG4: *"TG4 will be further supported to provide television services through Irish... sufficient funding is vital for TG4 to carry out its statutory remit and to retain its market share in an increasingly competitive environment as an independent statutory body. The continued development of TG4 will also ensure that the independent production sector in the Gaeltacht continues to provide varied employment opportunities."*

### **The Broadcasting Authority of Ireland (BAI)**

Over 2009, we engaged fully in ongoing dialogue with our key stakeholders, the Minister for Communications, Energy and Natural Resources (DCENR) and the newly established BAI.

The BAI took over the roles, duties and functions of the Broadcasting Commission of Ireland (BCI) during the year. TG4 has always had a close, positive relationship with BCI, and engaged with it on a number of operational, compliance, technical, content funding and developmental areas. TG4's close and positive engagement with BCI/BAI continued in 2009 with ongoing interaction on strategic, corporate and technical broadcast affairs.

### **The Transition to Digital Terrestrial Television (DTT)**

Uncertain times abounded in 2009 with respect to DTT and while Ireland continues to target analogue switch-off by 2012, TG4 is concerned that Ireland has fallen a

year behind from the original DTT rollout plan and that there is still no clear roadmap for the rollout of MUX 1 and the commercial MUXES. There was an unexpected delay in the delivery of DTT over 2009 when Boxer DTT Limited decided not to pick up its licence to deliver the DTT commercial service. However, the BCI announced its decision in May 2009 to award the three national DTT multiplex licences to "One Vision". In addition to the Free-to-Air multiplex carrying the core Irish channels (RTE1, RTE2, TV3, TG4, Oireachtas TV and perhaps an Irish Film channel), it will support new Irish channels and services. TG4 is participating fully in the establishment of DTT and continues to work closely with RTÉNL to facilitate the distribution of TG4 in the Republic. However, if the delays are not urgently addressed, it may be too late for the development of a successful DTT service in the Irish market.

As analogue switch-off is also impending in the UK, TG4 is working closely with all relevant agencies and Departments, North and South, to ensure that the channel is widely available in Northern Ireland. TG4 aims to secure DTT carriage in the North on MUX 2, which is to be allocated for Public Service Broadcasters, as proposed by the regulator Ofcom in its report on Public Service Broadcasting. As set-out in the Northern Ireland Affairs Committee Third Report on Television Broadcasting in Northern Ireland<sup>2</sup>, Mr Siôn Simon MP, Minister for Creative Industries, at the Department of Culture Media and Sport, stated that: "TG4 is guaranteed in the Belfast Agreement and currently reaches about 65% of Northern Ireland. After switchover it will be available to the full switched over percentage of the population, which will be 98%, or whatever, so its coverage will be greatly enhanced". In addition, we are delighted that early in 2010, the Irish and UK Governments agreed a Memorandum of Understanding which provides a framework aimed at ensuring a smooth transition to digital switchover and the continuing widespread availability of TG4 in Northern Ireland following the digital switchover.

### **TG4 Work on Broadcasting Policy and Legislation**

TG4 worked closely with the DCENR throughout 2009 on issues ranging from funding and compliance to the Broadcasting Act 2009. The Bill underwent its final stages of enactment in spring 2009 and TG4 made a number of submissions to both the Minister and to the Joint Committee with the Broadcasting Act finally coming into being in July 2009.

As a public service broadcaster, TG4 continues to play an active role in any activity that informs the policy

decisions, legislative provisions and directives at national and European levels which govern and regulate broadcasting. During 2009 TG4 continued with its active membership of key sector and representative bodies such as the Broadcasters in Ireland Group (TBIG), IBEC's Audio Visual Federation, the European Broadcasting Union (EBU) and of the World Indigenous Television Broadcasters Network (WIBTN). Despite TG4's scale of operations and resources, it plays a leadership role in the activities of many of these bodies.

A particular highlight for TG4 over the year was the visit to the TG4 headquarters in Baile na hAbhann on the 24<sup>th</sup> September by An Taoiseach, Brian Cowen, T.D. He paid special tribute to the ongoing work by TG4 and we were delighted with his visit.

### **Northern Ireland**

TG4 once again played a major role over 2009 in informing policy makers about the Northern Irish production sector's importance, achievements and the necessity to make the ILBF fund a permanent fund in order to support its development.

At the beginning of 2008, the ILBF was due to expire and there was no clear statement forthcoming from the UK authorities regarding its future. As a result of intensive lobbying by TG4 and others, a two-year extension to the fund (to March 2011) was announced. Given that the UK Government finances this Fund, TG4 has continued over 2009 to lobby in close engagement with Northern Ireland based organisations and broadcasters for a permanent basis for the fund.

### **TG4 Operational Developments**

TG4 understands the critical importance of having skilled and high-quality staff in conjunction with leading-edge technology and systems. We have sought to cultivate these within our organisation and likewise we have supported a culture of continuous improvement.

The continued implementation of our Digital Asset Management (DAM) system was a major initiative in 2009. TG4 is moving to a tapeless operating environment through the DAM system with the project being the biggest internal undertaking since the initial technical engineering project to establish TG4 in the mid 1990s. The design and specification of the DAMS infrastructure was completed in early 2009 with the full "Go-Live" date set for July 2010. We invested in upgrading a number of other key broadcast and administrative systems and in conjunction with this, reviewed all associated processes to ensure they are delivered as efficiently as possible.

<sup>2</sup> January 2010, <http://www.parliament.the-stationery-office.co.uk/pa/cm200910/cmselect/cmniaf/237/23702.htm>



In terms of Governance and Compliance, we take our statutory duties and obligations very seriously and engage in a regular dialogue with all bodies, agencies and regulators to whom we must report, including our Board, the Minister and the BAI. The Comptroller and Auditor General also undertook an external audit of TG4 during 2009 and once again, TG4 cooperated fully with the process and recommendations. TG4 also undertook a full risk and risk management review of the organisation in late 2009 with the review confirming that all the major risks to which TG4 is exposed have management visibility and are managed by defined processes.

### **Looking Forward**

2009 was a very tough year and 2010 may be even tougher. There are some signs however, that a recovery will occur over the next two to three years. As TG4 has probably been the most popular, positive and accessible measure to promote the Irish language for generations, it is important that this success is not lost in the present difficult economic times. There are a number of challenges facing us in this regard, over the years ahead.

While already operating as efficiently, cost effectively and prudently as possible, TG4 must continue to focus on cost control and enhancement of productivity, combined with service development through content innovation, programme schedule development and creative means to enhance the performance and development of the TG4 service overall.

Adequate Exchequer funding and a multi-annual funding model remain a key priority for TG4. Failure to deliver on this objective may have longer-term implications for the development of the TG4 service, for the Irish language and culture, for TG4 audiences and of course for employment in the independent production sector and the wider national economy where we make a significant economic, social and cultural impact. We recognise however, that there is an extremely challenging economic and financial environment and acknowledge that finding the additional funding to support TG4 over the coming years will not be easy. TG4 also aims to re-position the case for multi-annual funding with the Government, as referred to in the Broadcasting Act 2009. Lack of certainty regarding annual funding levels makes it difficult for TG4 to plan our longer-term development.

Programming will continue to hold a core focus for TG4 with the composition of the schedule, the balance between Irish and non-Irish language content and the targeting of our audience categories, all having a critical impact on the success of the channel. It is of paramount importance that our programming

continues to strengthen our position in the Irish broadcasting landscape and that through it, we continue to deliver a high quality public service that promotes and celebrates the Irish language and culture, brings a sense of enjoyment to the language, ensures that Irish is part of daily life and that people are drawn to it through the service provided by TG4.

To deliver this, TG4 must continue to develop its programming acquisitions and commissioning processes and to work closely with the development agencies and companies to advance the creative talent within the Irish language independent production sector. It is vital, for the development of Irish creative production talent and for the support of regional employment that TG4 can continue to commission original programming content from this sector.

Programme funding also enables TG4 to make programmes that would otherwise not have been produced, which has real "additionality" for both the sector and for TG4's programming schedule and viewer enjoyment. Over the coming years, TG4 aims to work to support the continued development of these funds.

As the national Irish language public service broadcaster, TG4 aims to be a pivotal player in the Government's 20-Year Strategy for the Irish Language. While TG4 recognises that these are challenging economic times and that funding to deliver this strategy will be scarce, as the national Irish language public service broadcaster, our aim over the coming 20 years is to participate fully in the strategy's implementation. It is vital for promoting Irish and for making the Irish language and culture accessible for all age groups both in Ireland and abroad.

Ireland is making progress towards DTT and analogue switch-off and we must sustain our position in the competitive digital television market. TG4 remains committed to this important broadcasting development and to ensuring that the channel is rolled out on MUX 1 on the DTT network in the Republic. TG4 will also continue to focus on developing the service as an all-island service, serving those North of the Border and supporting the creation of an all Irish language production sector there.

Maintaining our share in the increasingly fragmented broadcasting market will remain a key challenge for TG4. While we are confident that we will have a strong attractive schedule in 2010 which would maintain our share of 2.6% under 2009 operating conditions, with the expected changes in the operating environment during the 2010 year such as the increase in the Sky/Cable digital shares in addition to the continued delay in the roll out of DTT, there is a potential that these will lead to a drop of two or three percentage points in

our share. There are additionally other factors that will come in to play during the 2010 year, which may also have a bearing on TG4's share, namely, the fact that the Nielsen sample is increasing from 670 to 1,000 and that PVRs will be measured from September 2010 onwards. It is not possible to forecast how these two measures will affect the channel's share. We aim however to preserve our 4<sup>th</sup> tier position with the remaining premium channels and keep TG4 well ahead of the myriad of digital channels in terms of share.

Operational developments will also continue to be a priority for TG4 with the DAMS project coming to fruition over the 2010 year.

Finally, we must not forget the staff of TG4 who has demonstrated real commitment to the service over the years since its establishment and particularly during the past difficult year when their decisive contribution and support to TG4 during our cost reductions was greatly appreciated. We will continue to emphasise the importance of having talented and skilled individuals and to recognise the contribution they make to the organisation.

### **Our Thanks**

There are a number of people I would like to thank for their support over the year.

Firstly, my thanks go to Minister Eamon Ryan and his Department officials for their ongoing support for TG4 over 2009.

I also wish to thank the Chairman Peter Quinn and the Board for their unstinting commitment to TG4 and for the support and guidance they provided to the TG4 Executive over the year.

Our gratitude is also due to the BAI, Bord Scannán na hÉireann, the Northern Ireland Irish Language Broadcast Fund, Údarás na Gaeltachta, the independent sector that provides TG4's superb Irish language output and not least, all organisations which support TG4 with advertising and sponsorship. I would also like to thank RTÉ for its ongoing support for TG4 and for its annual provision of 365 hours of Irish language content to the service. We look forward to working with them all over the coming year.

Thanks are also due to the many representative bodies with whom we work to advance broadcasting and the Irish language and culture in Ireland. While too many to name individually, we are grateful to them all for the activities we have been able to engage with them on in our endeavours to promote the Irish language and culture in Ireland and abroad.

Finally, I would like to thank my colleagues, the management and staff of TG4, for their dedication to, and belief in, the continued success of the channel. I look forward to working with them again in 2010 as we continue to strengthen TG4's position in the broadcast market and address the many exciting opportunities over the coming years.

**Pól Ó Gallchóir**  
**Director General**





**CORPORATE  
GOVERNANCE }**

**Fíorscéal**

## **Implementation of the Code of Practice for the Governance of State Bodies**

The Board formally adopted the revised Code of Practice for the Governance of State Bodies, as issued by the Department of Finance in May 2009, at its meeting held in July 2009.

The Audit Committee affirmed that it had carried out a review of the internal financial controls of Teilifís na Gaeilge in 2009. The Board accepted this and it was reported in the minutes of the Board meeting of the 22<sup>nd</sup> February 2010

All Board members have also received guidance on ethical codes of conduct and in particular their responsibilities with regard to the code of conduct for members and staff of Teilifís na Gaeilge.

### ***Ethics in Public Office Act 1995 and Standards in Public Office Act 2001***

The Board of Teilifís na Gaeilge is a prescribed public body for the purpose of the Ethics in Public Office Act, 1995 and Standards in Public Office Act 2001.

All Board members, as holders of designated directorships and members of staff who have designated positions have been advised of their obligations under the ethics legislation and given appropriate guidance.

## **Risk Management**

Recognising the importance of risk management, the Board undertook a full risk review of the organisation in 2009. A risk assessment report was presented to the Board at its meeting held in December 2009. The Board at the meeting, as outlined in the report, accepted the potential risks and risk mitigation strategies.

It was further agreed that this is an on-going process. Therefore the risk register will be updated during 2010 and presented to the Board in due course.

The Board has established the following committees to assist in the performance of their duties.

These are the Audit Committee and the Remuneration Committee. The membership of these committees is listed under The Board of Teilifís na Gaeilge and Other information.

## **The role and responsibilities of the Audit Committee include:**

- Agreeing the internal audit plan for the forthcoming year.

- Reviewing reports from internal audit on the effectiveness of systems of internal control and monitoring progress and implementation of recommendations.
- Monitoring and reviewing the effectiveness of the company's internal audit function in the context of the company's overall risk management system.

## **The role and responsibilities of the Remuneration Committee include:**

- Determining and agreeing with the Board the framework for the remuneration of the company's Director General and other members of the executive management.
- Reviewing the ongoing appropriateness and relevance of the remuneration policy.
- Approving performance related pay schemes operated by the company and approving the total annual payments made under such schemes.
- Being responsible for selecting any remuneration consultants who advise the company.

## **Emoluments to Directors**

TG4 has complied with the guidelines covering the payment of fees to the Chairpersons and Director of State Bodies, issued by Minister of Finance in July 1992. During the year 2009 a voluntary reduction in Chairperson's and members' fees of 10% was implemented.

	Fees	Expenses
TG4 Board	€000's	€000's
Peadar Ó Cuinn	23	3.2
Pádraic Mac Donncha	13	1.5
Regina Uí Chollatáin	13	1.0
Bríd Ní Neachtain	13	0.9
Seosamh Ó Conghaile	13	0.4
Fergal Ó Sé	13	2.8
Méabh Mhic Gairbeith	13	2.7
Eilís Ní Chonnaola	13	0.3
Méadhbh Nic an Airchinnigh	13	0.8
Pól Ó Gallchóir	6	—
<b>Board members fees and expenses</b>	<b>133</b>	<b>13.6</b>

At the 31st December 2009 there were 9 non-executive members and one executive member, being the Director General, on the Board

*In addition to her fees, Regina Uí Chollatáin received immaterial amounts for programme contributions.*



## Income and Expenditure Reviews

This report reviews TG4's income and expenditure performance in 2009 in terms of the key sources and use of income, the channel's principal cost drivers and its overall focus on efficiency and value-for-money. The review also compares TG4's performance in 2009 to that of 2008 under the following 5 headings:

- 1 *Income*
- 2 *Operating Expenditure*
- 3 *Cost Control and Efficiency In 2009*
- 4 *Impact of Government Budget Reductions*
- 5 *Irish Language Content Expenditure 2009*

### 1 Income

As can be seen from Table 1 below, total income (exchequer current funding and commercial revenue) in 2009 was €38.7m (2008: €39.8m). Compared to the previous year TG4's total income decreased by 2.8% in 2009. Exchequer current funding was €35.2m (2008: €35.5m) of this and represented 91% of TG4's total income with commercial income share representing 9% in 2009 at €3.45m (2008: €4.3m).

In terms of Exchequer current funding, the 2009 Budget saw the approval of €38.01m in current Exchequer funding for TG4, representing an increase of 7.15% on 2008 current funding levels. However, this was revised downwards by 7.31% in the April 2009 budget, reducing TG4's funding levels by €2.78m and bringing current Exchequer funding for TG4 to €35.23m – 0.7% below that of its 2008 levels

While Exchequer current funding decreased by 0.7% over 2008 levels, commercial income (advertising and sponsorship) declined by 21%. This reduction was due to a very challenging economic and competitive advertising market particularly in the latter half of 2009. However, it should be noted that TG4 set itself a target income of €2.4m, from airtime sales and sponsorship, for 2009 based on a target national audience share of 2.7% for the year and it generated €2.8m on a national audience share of only 2.6% in 2009. So while this is a decrease compared to the income generated in 2008, it exceeded TG4's targets for the 2009 year by over 16% and was a real achievement due to the advertising market's decline. The reduction has however resulted in a shift in the balance of total income from Exchequer funding and commercial income. The share of total income from Exchequer funding increased from 89% in 2008 to almost 91% in 2009 with commercial income's share declining from almost 11% to almost 9%. This is particularly important in the context of all non-Irish language output being funded from commercial income, with this content being necessary to provide balance to the schedule and to attract audience ratings.

As such any continued decline in this regard may impact TG4's purchasing power for non-Irish language content.

**Table 1: TG4 Income 2009**

Description	2009		2008	
	€000's	%	€000's	%
Grant-in-Aid	35,233	91%	35,473	89%
Commercial (advertising and sponsorship)	2,838	7.4%	3,592	9.1%
Other commercial	616	1.6%	764	2%
<b>Total Income</b>	<b>38,687</b>	<b>100%</b>	<b>39,829</b>	<b>100%</b>

### 2 Operating Expenditure

TG4's budget for 2009 was originally set when the Government's Grant-in-Aid for the service was made known in the Government's 2009 Budget which was published in late 2008. This budget also took into account the channel's likely 2009 income from its other funding sources namely, commercial revenue from airtime sales and programme sponsorship.

However, over the 2009 year, TG4 had to draft and implement a revised budget for the year due to the reduction of €2.8m in its current Exchequer funding and the major downturn (upwards of 30%) in television advertising expenditure throughout the Irish market and consequently, the decline in its commercial income.

In terms of annual operating expenditure, TG4 placed a continued emphasis on an operating model, which works as efficiently as possible and on cost management to ensure value-for-money across all activities. Total operating expenditure was €38.85m in 2009, a 3% decline on the €40.06m in 2008.

Reductions were made throughout all categories of expenditure in 2009. For example, staff costs were reduced by 6.1%, marketing and research costs by 19% and programming expenditure by 2%. This was primarily due to the budget changes made following current funding reductions over 2009. See Table 2 below.



**Table 2: TG4 Operating Expenditure 2009 Vs 2008**

Indicator	€000's		% Change 2009 Vs 2008
	2009	2008	
Cost of Sales on Commercial Income	752	974	(22.8%)
Staff Costs	5,738	6,109	(6.1%)
Programme Expenditure	25,277	25,701	(1.65%)
Marketing and Research	1,508	1,865	(19%)
Transmission Costs	3,802	3,598	5.7%
Overheads	1,338	1,375	(2.7%)
Other (Depreciation, Board etc.)	1,347	1,452	(7.23%)
Amortisation of Grants	(912)	(1,015)	(10.1%)
<b>Total Operating Expenditure</b>	<b>38,850</b>	<b>40,059</b>	<b>(3%)</b>

*TG4's total operating expenditure decreased by 3% in 2009.*

### 3 Cost Control and Efficiency

While already operating as efficiently, cost effectively and prudently as possible, over 2009 TG4 identified savings in all operational areas while endeavouring not to impact the quality of programming output. To address the severe reduction in its funding and commercial income during the 2009 year, TG4 approached all of its suppliers and contractors in addition to consulting internally, seeking co-operation and savings with a total saving of just over €3m made across all cost areas. It is important to note that TG4's Board and staff unanimously agreed to take a fee/pay cut of up to 10% over the year as part of the channel's cost reductions. Overall, TG4's approach is to continue to maintain cost efficiency on commissioned programmes and in-house productions and to control its overhead costs to maintain a lean and cost effective structure.

In terms of specific reductions made, while already operating very efficiently regarding staff wages/salaries and other staff costs, TG4 endeavoured to make further reductions in staff costs wherever possible. In total, across salaries, and other staff costs, a reduction of 6% was achieved.

Likewise, TG4 Board members volunteered to take a 10% reduction in fees and a 20% reduction in travel and subsistence rates.

Programming was the most difficult cost category in which to implement cost reductions as it represents a core element of TG4's strategic focus. However, given

the sheer scale of expenditure on programming (almost 70% of operating expenditure), it was difficult to avoid this. However, TG4 sought to make reductions without negatively impacting the quality of programming output wherever possible.

As noted earlier in this Review, TG4 sought price/rate reductions where possible from the independent sector on current output deals. In addition, TG4 deferred to 2010 a number of series to which the channel is already committed. While the reductions were challenging to secure, TG4 believes that it has not impacted the level of employment in the sector, as the actual number of productions was not reduced in the short-term. TG4 was gratified by the positive response from programme-makers to proposals to cut costs, revisit agreed production budgets make savings and reschedule projects and delivery dates. A shared vision and determination to maintain TG4's reputation for quality and distinctive programming was evident throughout the process. TG4 is resolved to continue this close partnership with suppliers and the ongoing dialogue with the production sector that has been of such enormous benefit through these very difficult times. However, TG4 also recognises that independent production companies will find it extremely difficult to sustain their operations and employment levels in the event of further reductions in the future.

While TG4 recognises the importance of marketing and promotion, it secured an overall 19% cost reduction in this budget due to the cancellation of some sponsorship and industry events, a reduction in promotional activities and a 16% reduction in the channel's advertising budget. Finally, TG4 delayed an audience research survey to 2010 thereby deferring some costs. Actual expenditure was 23% below TG4's original budget set for the year.

### 4 Impact of Government Budget Reductions

The level of expenditure cuts made by TG4 in 2009 is not sustainable going forward. If TG4 does not secure additional funding over the coming years, it will be forced to reduce programming commissions. As the independent production sector is unable to bear further price reductions from TG4 due to already operating at 2002 equivalent budget levels (vis-à-vis RTÉ) and due to additionally absorbing up to 10% price reductions from TG4 in 2009, further reductions will simply result in job cuts and a knock-on impact on the Irish production sector and on the economy overall.

## 5 Irish Language Content Expenditure 2009

As reflected in its commitments for the year, TG4 spent at least 70% of its Exchequer current funding on the production of Irish language content in 2009 as shown in Table 3 below and an additional 16% of its current funding on direct broadcasting costs. Overall, TG4 increased its daily output levels of new Irish language content from 4.42 to 4.58 hours per day.

**Table 3: Irish Language Content Expenditure**

Description	2009		2008	
	€000's	%	€000's	%
Current Exchequer funding	35,233	100%	35,473	100%
Irish language programmes:				
Commissioned	17,974	51.0%	18,126	51.1%
Acquired/dubbed/subtitled	4,912	13.9%	5,099	14.4%
Production staff costs (including salaries)	1,964	5.6%	1,561	4.4%
<b>Total Irish Language Content Production Costs</b>	<b>24,850</b>	<b>70%</b>	<b>24,786</b>	<b>70%</b>

A full-page photograph of two women standing outdoors on a stone path. The woman on the left has dark hair and is wearing a colorful, multi-patterned dress with a black ruffled hem. The woman on the right has blonde hair and is wearing a red dress with a black floral pattern and a black belt. Both are smiling and have their hands on their hips.

**FINANCIAL  
STATEMENTS }**

**Féilte**



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### *Statement of Board Members' Responsibilities*

The Board is required by the Broadcasting Act, 2009 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Teilifís na Gaeilge and of its income and expenditure for that year.

In preparing those statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Disclose and explain any material departures from applicable accounting standards and,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that Teilifís na Gaeilge will continue in existence.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of Teilifís na Gaeilge and to enable the Board to ensure that the financial statements comply with the Act and with GAAP in Ireland.

The Board is also responsible for safeguarding the assets of Teilifís na Gaeilge and hence for taking reasonable steps for the prevention and the detection of fraud and other regularities. The Board's books of account are held in Teilifís na Gaeilge offices in Baile na hAbhann, Co. na Gaillimhe.

On behalf of the Board of Teilifís na Gaeilge:

**Peadar Ó Cuinn**

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**Chairman**

### Statement on Internal Financial Control

On behalf of the Board of Directors of Teilifís na Gaeilge, I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.

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

**The Board has taken steps to ensure an appropriate control environment exists by:**

- Establishing procedures at management level to monitor the activities and safeguard the assets of the organisation;
- Clearly defining the organisational structure and management responsibilities and powers with corresponding accountability;
- Establishing procedures for reporting significant control failures and ensuring appropriate corrective action.

**A process for the identification, evaluation, mitigation and management of business risks has been established which includes:**

- Identifying the nature, extent and financial implication of risks facing TG4, including ranking all significant risks;
- Assessing the likelihood of the identified risks occurring and TG4's ability to manage and mitigate the risks that do occur;
- Monitoring and reporting on the risk management process.

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

- A comprehensive budgeting system with an annual budget, which is reviewed and approved by the Board of Directors;

- Regular reviews by the Board of Directors of monthly and annual financial reports which indicate activity and financial performance against forecasts;
- Setting targets to measure financial and other performances
- Procedures for the control of capital investment
- Project management disciplines.

TG4 has an outsourced internal audit function which operates in accordance with the Code of Practice for the Governance of State Bodies and which reports directly to the Audit Committee.

The annual internal audit plan is informed by the results of the risk management process and is designed to confirm that the internal controls relied upon continue to operate.

The analysis of risk and internal audit plan are endorsed by the Audit Committee, which meets on a regular basis, but not less than four times a year, to review reports prepared by the Internal Audit function. The Audit Committee reports regularly to the Board in relation to the matters it has considered.

The Board's monitoring and review of the effectiveness of the system of internal financial control is assisted and informed by the work of the Internal Auditor, the Board's own Audit Committee and the senior managers within TG4 who have responsibility for the development and maintenance of the financial control framework.

I confirm that in the year ended 31<sup>st</sup> December 2009 the Board conducted a review of the effectiveness of the system of internal financial control.

**Signed on behalf of the Board**

**Peadar Ó Cuinn**

**Chairman**



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

I have audited the financial statements of Teilifís na Gaeilge for the year 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 Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes.

### **Respective Responsibilities of the Members of the Board and the Comptroller and Auditor General**

Teilifís na Gaeilge is responsible for preparing the financial statements in accordance with the Broadcasting Act 2009, and for ensuring the regularity of transactions. Teilifís na Gaeilge prepares the financial statements in accordance with Generally Accepted Accounting Practice in Ireland. The accounting responsibilities of the Members of the Board are set out in the Statement of the Board Members' Responsibilities.

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 Teilifís na Gaeilge'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 Teilifís na Gaeilge'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 Teilifís na Gaeilge's affairs at 31 December 2009 and of its income and expenditure for the year then ended.

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

**John Buckley**  
**Comptroller and Auditor General**  
**1st June 2010**

## Statement of Accounting Policies

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

### 1. Establishment of Teilifís na Gaeilge

Teilifís na Gaeilge is the Irish language broadcaster established under Statute and continues in being under the Broadcasting Act 2009.

### 2. Basis of accounting

The financial statements have been prepared on an accrual basis, under the historical cost convention and in accordance with generally accepted accounting principles. Financial reporting standards as issued by the Accounting Standards Board are adopted as they become applicable.

The financial statements are denominated in Euro.

### 3. Income recognition

#### Commercial income

Commercial income represents revenue from airtime sales, sponsorship and ancillary activities. Sales, which are shown net of VAT, are recognised in the Income and Expenditure Account when the service is provided.

Commission in relation to these sales is charged to the Income and Expenditure Account as incurred.

### 4. Expenditure

Expenditure comprises operational and capital expenditure.

Net operating expenditure comprises programming and administration expenditure, net of commercial revenue.

Programme expenditure is charged to the Income and Expenditure Account as incurred.

### 5. State grants

Net operating expenditure of Teilifís na Gaeilge is funded by way of a grant received from the Department of Communications, Energy and Natural Resources.

The grant is recognised in the Income and Expenditure Account in the year of receipt.

Capital expenditure is funded by the Department of Communications, Energy and Natural Resources by way of capital grants. These grants are amortised on the same basis as the related assets are depreciated.

### 6. Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation and any provision for impairment.

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

	%
Buildings	2.5
Equipment	7.5 - 20
Fittings	10

Software development costs on major systems are capitalised and depreciated in line with the related equipment cost from the date of implementation.

### 7. Taxation

Corporation tax payable is provided on taxable profits at current rates.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are temporary differences between surplus as computed for tax purposes and surplus as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in difference years for tax purposes.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted.



**8. Foreign currency**

Transactions denominated in foreign currencies are translated into Euro at the exchange rates ruling at the day of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the exchange rate ruling at the Balance Sheet date and resulting gains or losses are included in the Income and Expenditure Account for the year.

**9. Pensions**

Teilifis na Gaeilge make contributions in respect of a Defined Contribution Scheme and a Defined Benefit Scheme.

**Defined contribution scheme**

Teilifis na Gaeilge operates a defined contribution scheme for certain employees. Payments to the scheme are charged to the Income and Expenditure Account in the year in which they relate.

**Defined Benefit Scheme**

Teilifis na Gaeilge operates a defined benefit scheme in respect of two of its officers, the Director General and the Deputy Chief Executive. The scheme is funded by contributions from Teilifis na Gaeilge and the officers concerned, and these are transferred to a separate trustee administered fund.

The pension charge in the Income and Expenditure Account comprises the current service cost plus the difference between the expected return on scheme assets and the interest cost of the scheme liabilities.

Actuarial gains and losses arising from changes in actuarial assumptions and from experienced surpluses and deficits are recognised in the Statement of Total Recognised Gains and Losses for the year in which they occur.

Pension scheme assets are measured at fair value. Pension scheme liabilities are measured on an actuarial basis using the projected units method. An excess of scheme liabilities over scheme assets is presented on the Balance Sheet as a liability or asset as the case may be.

**10. Leasing commitments**

Tangible fixed assets acquired under finance leases are included in the Balance Sheet at their equivalent capital value and are depreciated over the lease term and their useful lives. The corresponding liabilities are recorded over the shorter of the lease term and their useful lives as a creditor and the interest element of the finance lease rentals is charged to the Income and Expenditure Account on an annuity basis. Operating lease rentals are charged to the Income and Expenditure Account on a straight line basis over the lease term.

**Teilifís na Gaeilge**  
**Income and Expenditure Account for the year ended 31 December 2009**

	Notes	2009 €'000	2008 €'000
<b>Sales</b>			
Commercial income	2	3,454	4,356
Cost of sales	2	(752)	(974)
<b>Net Sales</b>		2,702	3,382
<b>Expenditure</b>			
Staff costs	3	5,738	6,109
Board members' fees and expenses	4	147	168
Programme expenditure	5	25,277	25,701
Transmission costs		3,802	3,598
Marketing and research	6	1,508	1,865
Overheads	7	1,338	1,375
Depreciation	9	1,200	1,284
<b>Total Expenditure</b>		39,010	40,100
<b>Net operating expenditure for the year</b>		(36,308)	(36,718)
Interest receivable and similar income	8	81	106
Surplus on disposal of fixed assets		-	6
		(36,227)	(36,606)
State funding	11	36,145	36,488
<b>Deficit on ordinary activities before taxation</b>		(82)	(118)
Taxation	12	(38)	(32)
<b>Retained deficit for the financial year</b>		(120)	(150)

*The notes 1 - 26 form an integral part of the financial statements.*

On behalf of the Board of Teilifís na Gaeilge:

Peadar Ó Cuinn  
Chairman

Pól Ó Gallcháoir  
Director General

## Teilifís na Gaeilge

## Statement of Total Recognised Gains and Losses for the year ended 31 December 2009

	Notes	2009 €'000	2008 €'000
<b>Retained deficit for the financial year</b>		(120)	(150)
Actuarial gain/(loss) on pension scheme assets	<b>20</b>	21	(4)
Total recognised losses for the year		(99)	(154)
<b>Movement in Pension Reserve</b>			
Balance as at 1 January		(4)	-
Actuarial gain/(loss) for the year		21	(4)
Balance as at 31 December		17	(4)

*The notes 1 - 26 form an integral part of the financial statements.*

On behalf of the Board of Teilifís na Gaeilge:

**Peadar Ó Cuinn**

Chairman

**Pól Ó Gallchoir**

Director General



**Teilifís na Gaeilge**  
**Balance Sheet as at 31 December 2009**

	Notes	2009		2008	
		€'000	€'000	€'000	€'000
<b>Fixed Assets</b>					
Tangible assets	9		8,463		8,381
			<u>8,463</u>		<u>8,381</u>
<b>Current Assets</b>					
Debtors	13	1,369		2,095	
Cash at bank and in hand	14	69		372	
		<u>1,438</u>		<u>2,467</u>	
Current Liabilities					
Creditors - falling due within 1 year	15	(1,698)		(2,774)	
<b>Net Current Liabilities</b>			<u>(260)</u>		<u>(307)</u>
Creditors - falling due after 1 year	16		(1)		(7)
<b>Net Assets Excluding Pension Asset</b>			<u>8,202</u>		<u>8,067</u>
Pension asset	20		79		25
<b>Net Assets Including Pension Asset</b>			<u>8,281</u>		<u>8,092</u>
Capital and Reserves					
Capital grants	10		8,202		7,914
Pension reserve			17		(4)
Revenue reserves	17		<u>62</u>		<u>182</u>
			<u>8,281</u>		<u>8,092</u>

The notes 1 - 26 form an integral part of the financial statements.

On behalf of the Board of Teilifís na Gaeilge:

**Peadar Ó Cuinn**  
Chairman

**Pól Ó Gallcháoir**  
Director General

## Teilifís na Gaeilge

## Cash Flow Statement for the year ended 31 December 2009

	Notes	2009 €'000	2008 €'000
<b>Operating Activities - Net Cash (Outflow)/Inflow - (net of state grant)</b>	<b>18</b>	(248)	331
<b>Return on Investment and Servicing of Finance</b>			
Interest received		65	85
<b>Net Cash Inflow from Returns on Investment and Servicing of Finance</b>		65	85
<b>Taxation</b>			
Tax charge for the year	<b>12</b>	(38)	(32)
<b>Net Cash Outflow from Taxation</b>		(38)	(32)
<b>Capital Expenditure</b>			
Payments to acquire tangible fixed assets	<b>9</b>	(1,282)	(671)
Receipts from sale of fixed assets		-	6
State capital grants	<b>10</b>	1,200	617
<b>Net Cash Outflow from Capital Expenditure</b>		(82)	(48)
<b>Net Cash (Outflow)/Inflow</b>	<b>19</b>	(303)	336

The notes 1 - 26 form an integral part of the financial statements.

On behalf of the Board of Teilifís na Gaeilge:

Peadar Ó Cuinn  
Chairman

Pól Ó Gallchoir  
Director General

## Notes to the Financial Statements

## Notes

## 1. Principal Activity

Teilifís na Gaeilge's principal activity is the operation of the Irish language television channel TG4.

## 2. Net Sales

## Commercial Income

	2009 €'000	2008 €'000
Airtime sales	2,138	3,225
Sponsorship sales	159	215
Programme sales	1	11
Facilities charge-out	616	764
Sundry income	540	141
	<u>3,454</u>	<u>4,356</u>

## Cost of Sales

Commission on advertising and sponsorship sales	448	648
Direct Costs	<u>304</u>	<u>326</u>
	<u>752</u>	<u>974</u>
Net sales	<u>2,702</u>	<u>3,382</u>

Figures have been represented in the note to show the total facilities income and charges.

## 3. Staff Costs

The average number of full time employees employed by Teilifís na Gaeilge during the year was 83 (2008: 86).

Employee costs during the year comprised:

	2009 €'000	2008 €'000
Wages and salaries	4,661	4,825
Social welfare costs	481	505
Pension costs	508	449
Travel and subsistence	104	206
Training	32	60
Other staff costs	<u>29</u>	<u>64</u>
	<u>5,815</u>	<u>6,109</u>
Staff costs capitalised	<u>(77)</u>	<u>-</u>
Total staff costs	<u>5,738</u>	<u>6,109</u>
<b>Emoluments of Director General</b>		
Basic salary	180	189
Performance related pay (arrears)	-	3
Employer's pension contributions	66	63
Other benefits	<u>3</u>	<u>3</u>
	<u>249</u>	<u>258</u>
Other Amounts Received:		
Board fees	<u>6</u>	<u>-</u>



## Notes to the Financial Statements

## Notes

## 4. Board Costs

(Reference Note 21)

	2009 €'000	2008 €'000
Fees	133	137
Travel and subsistence	14	31
	<u>147</u>	<u>168</u>

## 5. Programme Expenses

	2009 €'000	2008 €'000
Commissioned programmes	17,974	18,126
Acquired programmes	4,217	4,082
Dubbing costs	2,247	2,077
Other costs	839	1,416
	<u>25,277</u>	<u>25,701</u>

## 6. Marketing and Research

	2009 €'000	2008 €'000
Advertising and marketing	1,405	1,702
Audience measurement and research	103	163
	<u>1,508</u>	<u>1,865</u>

## 7. Overheads

	2009 €'000	2008 €'000
Office expenses	222	213
Premises and equipment expenses	468	537
General expenses	400	430
Professional and financial expenses	248	195
	<u>1,338</u>	<u>1,375</u>

## 8. Interest Received

	2009 €'000	2008 €'000
Interest received on bank deposit accounts (gross)	81	106

## Notes to the Financial Statements

## Notes

## 9. Tangible Fixed Assets

	Land and Buildings	Equipment	Assets Under Construction*	Fixtures and Fittings	Total
	€'000	€'000	€'000	€'000	€'000
<b>Cost</b>					
At 1 January 2009	7,534	12,824	-	611	20,969
Additions	1	194	1,087	-	1,282
<b>At 31 December 2009</b>	<b>7,535</b>	<b>13,018</b>	<b>1,087</b>	<b>611</b>	<b>22,251</b>
<b>Accumulated Depreciation</b>					
At 1 January 2009	1,857	10,252	-	479	12,588
Charge for the year	195	976	-	29	1,200
<b>At 31 December 2009</b>	<b>2,052</b>	<b>11,228</b>	<b>-</b>	<b>508</b>	<b>13,788</b>
<b>Net Book Value</b>					
At 31 December 2009	5,483	1,790	1,087	103	8,463
<b>At 31 December 2008</b>	<b>5,677</b>	<b>2,572</b>	<b>-</b>	<b>132</b>	<b>8,381</b>

\* Assets Under Construction comprise development expenditure, mainly software tailoring, hardware and some staff costs in respect of a Digital Asset Management System.

**Tangible Fixed Assets held under Finance Lease**

Included in Tangible Fixed Assets are assets held under Finance Lease as follows:

	2009		2008	
	Net Book Value	Depreciation Charge	Net Book Value	Depreciation Charge
	€'000	€'000	€'000	€'000
Equipment	18	4	22	-

## 10. Capital Grants

	2009 €'000	2008 €'000
<b>Capital grants - received and receivable</b>		
Opening balance	9,848	9,231
Grants received during the year (Note 11)	900	617
Grants received in prior year and applied in year	300	-
Closing balance	11,048	9,848
<b>Amortisation</b>		
Opening balance	1,934	919
Amortised during the year	912	1,015
Closing balance	2,846	1,934
<b>Net book value - capital grants</b>	<b>8,202</b>	<b>7,914</b>

Capital grants represent state funding received in relation to capital expenditure incurred by Teilifis na Gaeilge. Capital grants are amortised on the same basis as the related assets are depreciated.

## Notes to the Financial Statements

## Notes

## 11. State Funding

Grants received from the Department of Communications, Energy and Natural Resources represent state funding received in relation to current expenditure incurred by Teilifis na Gaeilge.

## State funding credited to the Income and Expenditure Account in the year

	2009 €'000	2008 €'000
Grant received in the year	35,233	35,473
Capital grant amortised (Note 10)	912	1,015
	<u>36,145</u>	<u>36,488</u>
The total allocation for 2009 was €36.133m comprising of:		
Grants received for current expenditure	35,233	35,473
Grants applied for capital purposes	900	617
Total	<u>36,133</u>	<u>36,090</u>
Grant received for capital purposes unspent at the 2008 year end	-	300
Total received	<u>36,133</u>	<u>36,390</u>

## 12. Tax on Profit on Ordinary Activities

## (a) Analysis of tax charge in year

Corporation tax charge for year

	2009 €'000	2008 €'000
	<u>38</u>	<u>32</u>

## (b) Factors affecting the tax charge for the year

The effective rate of tax for the year is higher than the standard corporation tax in Ireland of 12.5%. The differences are explained below:

	2009 €'000	2008 €'000
Loss on ordinary activities before taxation	<u>(82)</u>	<u>(118)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in Ireland of 12.5% (2008: 12.5%).	(10)	(15)
Effects of:		
Income taxable at a higher rate of taxation	10	13
Excess of capital grants amortised and capital allowances over depreciation	33	30
Non-deductible expenditure	<u>5</u>	<u>4</u>
	<u>38</u>	<u>32</u>



## Notes to the Financial Statements

## Notes

## 13. Debtors

	2009 €'000	2008 €'000
Trade debtors	817	1,213
VAT repayable	317	731
Prepayments and accrued income	235	151
	<u>1,369</u>	<u>2,095</u>

All balances are deemed recoverable within one year.

## 14. Cash at Bank and in Hand

	2009 €'000	2008 €'000
Cash in hand	1	1
Bank accounts	68	371
	<u>69</u>	<u>372</u>

## 15. Creditors - falling due within 1 year

	2009 €'000	2008 €'000
Trade creditors	343	257
Accruals and deferred income	1,273	2,126
Pension contributions creditor	66	75
Corporation tax payable	10	11
Hire purchase and lease agreements	6	5
Deferred capital grant	-	300
	<u>1,698</u>	<u>2,774</u>

## 16. Creditors - falling due after 1 year

	2009 €'000	2008 €'000
Hire purchase and lease agreements	1	7
	<u>1</u>	<u>7</u>

## 17. Revenue Reserves

	2009 €'000	2008 €'000
Opening balance as at 1 January 2009	182	332
Retained deficit for the year	(120)	(150)
Closing balance as at 31 December 2009	<u>62</u>	<u>182</u>

## Notes to the Financial Statements

## Notes

**18. Reconciliation of Surplus for the Year  
to Net Cash Flow from Operating Activities**

	2009 €'000	2008 €'000
Deficit on ordinary activities before taxation	(82)	(118)
<b>Non-Operating Activities</b>		
Interest received (net)	(65)	(85)
Surplus from sale of fixed assets	-	(6)
<b>Non-Cash Items</b>		
Depreciation	1,200	1,284
Amortisation of capital grants	(912)	(1,015)
Pension asset adjustment	(33)	(29)
(Increase)/decrease in debtors	726	159
(Decrease)/increase in creditors	(1,082)	141
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(248)</b>	<b>331</b>

**19. Analysis of Changes in Net Funds**

	Opening balance €'000	Cash flows €'000	Closing balance €'000
Cash at bank and in hand	283	(232)	51
Short term deposits	89	(71)	18
	<b>372</b>	<b>(303)</b>	<b>69</b>

**20. Pension****a) Description of scheme**

Telifis na Gaeilge operates a defined benefit scheme and a defined contribution for its employees. The schemes are funded and the assets are held separately from those of Teilifis na Gaeilge.

**The following pension costs were incurred in the year:**

	2009 €'000	2008 €'000
Defined contribution scheme	432	369
Defined benefit scheme cost (Note 20 (g))	76	80
	<b>508</b>	<b>449</b>

Contributions are made to the defined benefit scheme at rates recommended by independent qualified actuaries.

The latest full actuarial valuation was prepared as at 31 December 2009. The liabilities and cost calculations were carried out using membership data supplied by the scheme's administrators at the effective date. The liabilities and costs have been assessed using the projected unit method.

## Notes to the Financial Statements

## Notes

## 20. Pension (continued)

## b) Financial assumptions

The principal actuarial assumptions used by the actuary as at 31 December 2009 used for FRS 17 purposes were as follows:

	2009 %	2008 %
Discount rate	5.60%	5.60%
Increase in consumer price indexing	2.50%	2.50%
Increase in pensionable earnings	4.50%	4.50%
Increase in pension payment	4.50%	4.50%
Bonds	4.30%	4.30%
Other	0.75%	2.25%

## c) Demographic assumptions

Mortality

62% of PNML00 tables for males and 70% of PNFL00 tables for females with increases of 0.39% per annum compounded between 2008 and the year in which the normal pension falls.

## d) Change in benefit obligation

	2009 €'000	2008 €'000
Present value of scheme obligations at the beginning of the year	102	-
Current service cost	95	94
Past service cost	-	5
Interest cost	8	3
Actuarial gain	(25)	-
Present value of scheme obligations at the end of the year	180	102

## e) Change in scheme assets

Fair value of scheme assets at the beginning of the year	127	-
Expected return on scheme assets	8	3
Actuarial loss	(4)	(4)
Employer contributions	109	109
Member's contributions	19	19
Fair value of scheme assets at the end of the year	259	127

## Notes to the Financial Statements

## Notes

## 20. Pension (continued)

## f) Amounts recognised in the balance sheet

	2009 €'000	2008 €'000
Present value of funded obligations	(180)	(102)
Fair value of scheme assets	259	127
Net asset	79	25

## g) Pension costs

	2009 €'000	2008 €'000
Current service cost	95	94
Interest cost	8	3
Expected return on scheme assets	(8)	(3)
Past service cost	-	5
Member's contributions	(19)	(19)
<b>Total</b>	<b>76</b>	<b>80</b>

## h) The net actuarial gain recognised in the Statement of Total Recognised Gains and Losses for the year ended 31 December 2009 amounted to €21,000.

## i) Scheme assets

The asset allocations at the year end were as follows:

	Expected Return	2009
Bonds	4.3%	100%
Other	2.25%	0%

The overall expected return of the scheme's assets has been derived as the weighted average of the expected return on the categories of assets held by the scheme at the opening balance sheet date.

## j) History of defined benefit obligations, assets and experienced gains and losses

	2009 €'000	2008 €'000
Defined benefit obligations	(180)	(102)
Fair value of scheme assets	259	127
Surplus for funded scheme	79	25

## k) Contributions

The company expects to contribute €100,000 to its pension scheme in 2010.



## Notes to the Financial Statements

## Notes

**21. Directors and Secretary and their interests'**

The Directors and Secretary who served during the year are as stated below:

Director/Secretary	Date of Appointment During Year (if applicable)	2009 €'000	2008 €'000
Peadar Ó Cuinn (Chairman)	n/a	23	24
Pól Ó Gallchóir (Director General)	12th July 2009	6	-
Pádraic Mac Donncha	n/a	13	14
Regina Uí Chollatáin	n/a	13	14
Bríd Ní Neachtain	n/a	13	14
Seosamh Ó Conghaile	n/a	13	14
Fergal Ó Sé	n/a	13	14
Méabh Mhic Gairbheith	n/a	13	14
Eilís Ní Chonnaola	n/a	13	14
Méadhbh Nic an Airchinnigh	n/a	13	14
Mary Uí Chadhain (Secretary)	n/a	-	-

The Board adopted procedures in accordance with the requirements of the Broadcasting Act 2009 in relation to the disclosure of interests by Board members and these procedures have been adhered to in the year.

In the case of one transaction, a Board member - Seosamh Ó Conghaile - disclosed an interest in a contract awarded by the Board.

In accordance with the Board's procedure, Seosamh Ó Conghaile took no part in the contract award process.

**22. Programme/Rights Purchase Commitments**

Teilifís na Gaeilge has programme/rights purchase commitments as follows;

	2009 €'000	2008 €'000
Contracted for but not provided for at the year end	14,773	21,336

**23. Commitments**

Teilifís na Gaeilge has capital commitments as follows;

	2009 €'000	2008 €'000
Contracted for but not provided for at the year end	1,566	290

**24. RTÉ Transactions**

Teilifís na Gaeilge received 365 hours (2008: 365 hours) of Irish language programming free of charge from RTÉ in the year ended 31 December 2009.

**25. Foreign Currency**

Foreign currency exposures arise primarily from payments for acquired programmes. Teilifís na Gaeilge hedges its foreign currency exposures by entering into US Dollar forward contracts when it deems it appropriate. The total value of such contracts in 2009 was \$750,000 (2008: \$2,050,000). There were no foreign currency contracts outstanding at the year end.

**26. Approval of the Financial Statements**

The Board of Directors' approved the financial statements on the 19th April 2010.