

The Irish Times Designated Activity Company

Directors' report and consolidated financial statements for the financial year ended 31 December 2018

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

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THE IRISH TIMES DESIGNATED ACTIVITY COMPANY

COMPANY INFORMATION

DIRECTORS	Tom Arnold (<i>resigned 08 February 2018</i>) Brian Caulfield Clare Duignan Margaret Elliott (<i>resigned 08 February 2018</i>) Dan Flinter John Hegarty (<i>appointed 20 February 2018</i>) Liam Kavanagh Peter McLoone Caitriona Murphy Rhona Murphy Paul O'Neill Terence O'Rourke Deirdre Veldon
SECRETARY	Colum Dunne (<i>appointed 06 December 2018</i>) Liam Kavanagh (<i>appointed 28 September 2018;</i> <i>resigned 06 December 2018</i>) Derek Wilson (<i>resigned 28 September 2018</i>)
REGISTERED OFFICE	The Irish Times Building, 24/28 Tara Street, Dublin 2.
REGISTERED NUMBER OF INCORPORATION	2514
SOLICITORS	William Fry, Fitzwilton House, Wilton Place, Dublin 2. Hayes, Lavery House, Earlsfort Terrace, Dublin 2.
PRINCIPAL BANKERS	Bank of Ireland, College Green, Dublin 2.
AUDITOR	Ernst & Young, Chartered Accountants, Ernst & Young Building, Harcourt Centre, Harcourt Street, Dublin 2.

DIRECTORS' REPORT

for the financial year ended 31 December 2018

The directors present herewith their annual report and audited consolidated financial statements for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITY, BUSINESS REVIEW AND LIKELY FUTURE DEVELOPMENTS

The principal activities of The Irish Times are digital and print publishing, the marketing and sale of digital subscriptions and newspapers, printing, radio broadcasting and other digital activities.

During the year The Irish Times acquired all of the publishing and media interests of the Examiner Group companies. Results for 2018 include approximately six months post-acquisition trading from the Examiner and its related subsidiaries.

The Group performed well in 2018 with further development of the digital revenue base and the implementation of cost saving initiatives during the year. In The Irish Times revenues from consumer content grew by 2.1% with advertising revenue increasing by 1.0%. Digital revenue showed further growth of 15.8% (2017: 8.7%) with subscriber numbers of 87,638 at year end.

The operating profit of the Group for the year before exceptional items was €2.61m compared to an operating profit of €2.48m in 2017. Group turnover increased by 21.1% to €94.4m (2017: €77.9m). Cost of sales increased by €9.52m (16.7%) and Distribution and Administrative costs increased by a combined €6.8m (37.2%). Restructuring costs arising since the Examiner acquisition of €1.9m are the key factor in the exceptional items of €2.1m (2017: €0.8m). The exceptional items are analysed in Note 4 to the financial statements.

The Group finished the year with net cash of €14.2m (2017: €11.5m). During the year a further €1.0m was paid as part of the €11m commitment to enhance transfer values. The remaining cash liability to the pension enhancement is €2.96m and is payable in 2019-2021. The Group continues to generate strong cash; during 2018 operating profit before depreciation of tangible assets, amortisation of goodwill and intangibles and exceptional items amounted to €6.5m (2017: €6.2m).

Our strategy is focused on sustainable profitability with investment in compelling and distinctive journalism. Following the acquisition of the Examiner Group, the objective of the newly combined entities is to create a dynamic and vibrant media business which can sustain itself for the longer term and where the respective media assets will contribute significantly to the media market.

PRINCIPAL RISKS AND UNCERTAINTIES

The Irish Times Group operates an ongoing process to identify, evaluate and manage the key risks facing the group so as to ensure the continuing publication of all newspaper titles and operation of its radio stations. The risk management process was established by the Board's audit and risk committee. Key risks include:

- The Irish Times Group operates in a challenging sector. Replacement of print revenues (advertising, newspaper sales and contract print) with sustainable and long term alternatives is therefore a key challenge.
- There is added risk relating to general economic conditions and the cyclical nature of advertising revenues.

DIRECTORS' REPORT

for the year ended 31 December 2018 (Continued)

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

- The sector is exposed to rapid changes in technology. There is a continuing associated risk from new entrants and disruptive business models. These may impact on both reader/consumer behaviour (and therefore consumption of media) along with the information technology systems which support ongoing operations.
- Significant litigation or libel event could have an adverse effect on our financial position. The maintenance of a strong brand and reputation of The Irish Times and Irish Examiner titles and the protection of associated intellectual property and copyright is a key objective.
- Any unusually high changes in costs particularly newsprint and salary costs.
- Financial risks including the risk of bad debts.

RESULTS FOR THE FINANCIAL YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2018

The Group Statement of Comprehensive (Loss) Income for the year ended 31 December 2018 and the Group Statement of Financial Position at that date are set out on pages 13 and 15 respectively. The operating results for the year reflect the challenging operating environment and the initial integration of the Irish Examiner Media Group.

IMPORTANT EVENTS SINCE FINANCIAL YEAR END

There have been no events since the year end which require disclosure in the financial statements.

DIVIDENDS

The Company has not proposed, declared or paid a dividend for the year ended 31 December 2018 (2017: €nil).

ENVIRONMENTAL MATTERS

The Group recognises its corporate responsibility to carry out its operations whilst minimising environmental impact. The directors' continued aim is to comply with all applicable environmental legislation.

EMPLOYEE MATTERS

The Board of Directors is fully committed to operating ethically and responsibly in relation to employees, clients, neighbours and all other stakeholders.

GOING CONCERN

The financial statements have been prepared on a going concern basis. In assessing the appropriateness of the going concern basis, the directors have taken account of all relevant information covering a period of at least twelve months from the date of approval of the financial statements. The directors consider it appropriate to continue to use the going concern assumption on the basis that the Group will have sufficient resources to enable it to meet its liabilities as they fall due, including if required, provision of adequate financial support from its existing bank overdraft and loan facilities.

DIRECTORS' REPORT

for the year ended 31 December 2018 (Continued)

ACCOUNTING RECORDS

The directors believe that they have complied with the requirements of sections 281 to 285 of the Companies Act 2014, with regard to books of account. To achieve this, the directors have appointed appropriate accounting personnel who report to the Board in order to ensure that those requirements are complied with. Those books are maintained at the Company's registered office at The Irish Times Building, 24/28 Tara Street, Dublin 2.

DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made inquiries of fellow directors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDIT AND RISK COMMITTEE

The responsibilities of the committee, delegated to it by the Board, include the monitoring of the financial reporting process and effectiveness of the company's systems of internal control and risk management, the monitoring of the statutory audit of the company's statutory financial statements, and review and monitoring of the independence of the statutory auditors and in particular the provision of additional services to the company. The members of the committee during the financial year were Terence O'Rourke, John Hegarty, Peter McLoone and Rhona Murphy.

REMUNERATION AND NOMINATIONS COMMITTEE

The responsibilities of the committee, delegated to it by the Board, include entering into contracts and setting remuneration levels for the Managing Director, Editor and other Executive Directors.

The members of the committee during the financial year were Brian Caulfield, Dan Flinter, Claire Duignan and Catriona Murphy. The objective of the committee is to recruit, motivate and retain management and staff of the highest calibre in a competitive market.

It seeks external and independent professional advice, when required, to ensure that payment levels are set with proper regard to market conditions and internal relativities. All payments to Executive Directors are determined by the Remuneration and Nominations Committee independently of the executives concerned.

The schedule below provides the detail of each director's service during the financial year.

<i>Director</i>	<i>Position</i>	<i>Months in office</i>	<i>Remuneration</i>	<i>Fees</i>
Tom Arnold	Non-Executive & Chairman of The Irish Times Trust Company Limited by Guarantee	2	(Note 1)	Y
John Hegarty	Non-Executive & Chairman of The Irish Times Trust Company Limited by Guarantee	11	(Note 1)	Y

THE IRISH TIMES DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT for the year ended 31 December 2018 (Continued)

REMUNERATION AND NOMINATIONS COMMITTEE (Continued)

<i>Director</i>	<i>Position</i>	<i>Months in office</i>	<i>Remuneration</i>	<i>Fees</i>
Brian Caulfield	Non-Executive	12	N	Y
Clare Duignan	Non-Executive	12	N	Y
Margaret Elliott	Non-Executive & Governor of The Irish Times Trust Company Limited by Guarantee	2	N	Y
Dan Flinter	Non-Executive Chairman	12	(Note 1)	Y
Liam Kavanagh	Managing Director	12	Y	Y
Peter McLoone	Non-Executive & Governor of The Irish Times Trust Company Limited by Guarantee	12	N	Y
Catriona Murphy	Non-Executive & Governor of The Irish Times Trust Company Limited by Guarantee	12	N	Y
Rhona Murphy	Non-Executive	12	N	Y
Paul O'Neill	Editor	12	Y	Y
Terence O'Rourke	Non-Executive	12	N	Y
Deirdre Veldon	Deputy Editor	12	Y	Y

Note 1 The chairmen of The Irish Times Designated Activity Company and The Irish Times Trust Company Limited by Guarantee each receive an annual salary for their respective positions.

Note 2 John Hegarty was appointed a director on 20 February 2018.

Note 3 Tom Arnold and Margaret Elliott resigned as directors on 8 February 2018.

The average number of directors who held office during the financial year was 11 (2017: 11).

The average number who received executive remuneration was 3 (2017: 3).

Directors' fees: The basis for the payment of directors' fees in 2018 was as follows:

Chairman of The Irish Times Designated Activity Company, Chairman of The Irish Times Trust Company Limited by Guarantee and executive directors – €9,347 per annum (2017: €9,347).

Non-executive directors – fees up to €17,500 (comprising a board fee of €9,500 per annum and if applicable €8,000 per annum for service on Board sub-committees).

The average fee per director in 2018 was €13,883 (2017: €13,834).

DIRECTORS' REPORT
for the year ended 31 December 2018 (Continued)

REMUNERATION AND NOMINATIONS COMMITTEE (Continued)

Remuneration: The schedule below provides an analysis of directors' remuneration (exclusive of fees) which is disclosed in Note 8 to the consolidated financial statements. Remuneration is before all taxes and is inclusive of salary, and in the case of executive directors, performance related pay, benefit-in-kind and pension and related emoluments.

	<i>Note</i>	<i>2018</i> €'000	<i>2017</i> €'000
Salary		762	765
Performance related pay	(i)	-	-
Benefits-in-kind	(ii)	70	80
Subtotal		<u>832</u>	<u>845</u>
Pension and related emoluments	(iii)	262	268
		<u>1,094</u>	<u>1,113</u>

- (i) Performance related pay is set and approved by the Remuneration and Nominations Committee on the basis of the achievement of individual specific targets and objectives. No such payments were made in 2017 or 2018.
- (ii) The benefit-in-kind arrangements for executive directors relate primarily to company cars. There are no loans to directors.
- (iii) Pension and related emoluments relate to 3 directors and are in respect of obligations arising under a defined contribution pension scheme.

The annual salaries at 31 December 2018 for the continuing executive director positions and the non-executive chairmen were as follows:

	<i>2018</i> €'000	<i>2017</i> €'000
<i>Continuing Executive Directors</i>		
Managing Director	270	270
Editor	240	240
Deputy Editor	150	150
<i>Non-Executive Chairmen</i>		
The Irish Times Designated Activity Company	67	67
The Irish Times Trust Company Limited by Guarantee	31	31
	<u>758</u>	<u>758</u>

DIRECTORS' REPORT
for the year ended 31 December 2018 (Continued)

DIRECTORS' COMPLIANCE STATEMENT


The directors acknowledge that they are responsible for securing the company's compliance with its Relevant Obligations as defined in the Companies Act 2014 (hereinafter called the Relevant Obligations).

The directors confirm that they have drawn up and adopted a compliance policy statement setting out the company's policies that, in the directors' opinion, are appropriate to the company in respect of its compliance with its Relevant Obligations. In addition, the directors confirm the company has put in place appropriate arrangements or structures that are, in the directors' opinion, designed to secure material compliance with its Relevant Obligations including reliance on the advice of persons employed by the company and external legal and tax advisers as considered appropriate from time to time and that they have reviewed the effectiveness of these arrangements or structures during the financial year to which this report relates.

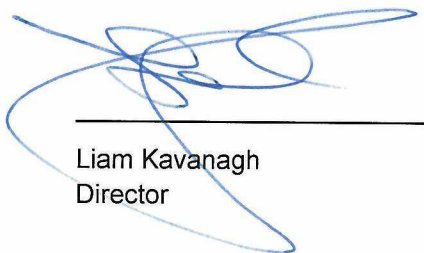
AUDITORS

Ernst & Young, Chartered Accountants, will continue in office in accordance with section 383(2) of the Companies Act 2014.

On behalf of the directors



Dan Flinter
Director



Liam Kavanagh
Director

Date: 11 July 2019

**DIRECTORS' RESPONSIBILITY STATEMENT
for the financial year ended 31 December 2018**

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with accounting standards issued by The Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (Generally Accepted Accounting Practice in Ireland). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position, of the Group and parent Company as at the end of the financial year, and the profit or loss for the Group for the financial year, and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

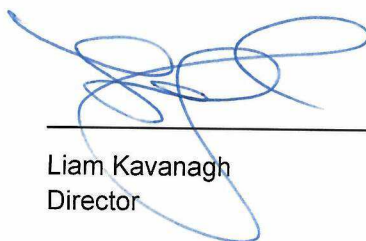
- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and reasons for any material departure from those standards; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the directors



Dan Flinter
Director



Liam Kavanagh
Director

Date: 11 July 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE IRISH TIMES DESIGNATED ACTIVITY COMPANY

Opinion

We have audited the financial statements of Irish Times Designated Activity Company ('the Company') for the year ended 31 December 2018, which comprise the Group Statement of Comprehensive Income, the Company Statement of Comprehensive Income, the Group Statement of Financial Position, the Company Statement of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and Accounting Standards including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Irish Generally Accepted Accounting Practice).

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the group as at 31 December 2018 and of its loss for the year then ended;
- the Company financial statements give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2018 and of its profit for the year then ended;
- the Group and Company financial statements have been properly prepared in accordance with Irish Generally Accepted Accounting Practice; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters, in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE IRISH TIMES DESIGNATED ACTIVITY COMPANY (Continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company Statement of Financial Position is in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE IRISH TIMES DESIGNATED ACTIVITY COMPANY (Continued)

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 8 and 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Dermot Quinn

for and on behalf of Ernst & Young
Chartered Accountants and Statutory Audit Firm

Dublin

Date: 11th July 2019

THE IRISH TIMES DESIGNATED ACTIVITY COMPANY

GROUP STATEMENT OF COMPREHENSIVE (LOSS) INCOME
for the financial year ended 31 December 2018

	Note	2018 €	2017 €
Turnover – continuing operations	3	94,395,430	77,940,952
Cost of sales		(66,695,036)	(57,175,032)
Gross profit		27,700,394	20,765,920
Distribution costs		(10,963,143)	(7,925,943)
Administrative expenses		(14,123,699)	(10,355,512)
Total operating expenses excluding exceptional items		(25,086,842)	(18,281,455)
Group operating profit before exceptional items		2,613,552	2,484,465
Exceptional items	4	(2,052,003)	(802,102)
Group operating profit after exceptional items		561,549	1,682,363
Amortisation of goodwill on investment in subsidiaries		(546,050)	-
Total operating profit		15,499	1,682,363
(Loss) gain on financial assets at fair value through profit and loss	14	(1,404,485)	456,243
Profit on disposal of tangible fixed assets		10,000	-
Interest receivable and similar income	5	103,171	95,128
Interest payable and similar charges	6	(212,114)	(205,081)
(Loss) profit on ordinary activities before taxation	7	(1,487,929)	2,028,653
Tax on (loss) profit on ordinary activities	9	-	(21,810)
(Loss) profit on ordinary activities		(1,487,929)	2,006,843
(Loss) attributable to minority interest		(60,995)	-
(Loss) profit for the financial year attributable to owners of the parent Company		(1,548,924)	2,006,843
Other comprehensive income		-	-
Total comprehensive (loss) income for the year attributable to owner of the parent Company		(1,548,924)	2,006,843

THE IRISH TIMES DESIGNATED ACTIVITY COMPANY

COMPANY STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2018

	<i>Note</i>	<i>2018</i> €	<i>2017</i> €
Profit for the financial year	10	1,171,261	2,358,388
Total other comprehensive income		-	-
Total comprehensive profit for the year		<u>1,171,261</u>	<u>2,358,388</u>

THE IRISH TIMES DESIGNATED ACTIVITY COMPANY

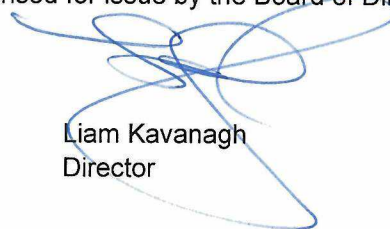
GROUP STATEMENT OF FINANCIAL POSITION
for the financial year ended 31 December 2018

	Note	2018 €	2017 €
FIXED ASSETS			
Intangible assets	11	1,808,047	-
Tangible assets	13	21,953,185	22,055,980
Financial assets	14	12,849,824	13,390,822
		<u>36,611,056</u>	<u>35,446,802</u>
CURRENT ASSETS			
Stocks	15	650,061	460,604
Debtors (amounts falling due within one year)	16	10,468,244	6,361,054
Cash at bank and in hand		14,232,099	11,537,341
		<u>25,350,404</u>	<u>18,358,999</u>
CREDITORS (amounts falling due within one year)	17	(21,581,799)	(14,106,212)
NET CURRENT ASSETS		<u>3,768,605</u>	<u>4,252,787</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>40,379,661</u>	<u>39,699,589</u>
CREDITORS (amounts falling due after more than one year)	18	(1,799,126)	-
PROVISIONS FOR LIABILITIES	20	(3,752,462)	(3,753,807)
		<u>34,848,073</u>	<u>35,945,782</u>
CAPITAL AND RESERVES			
Share capital	22	625,138	625,138
Capital conversion reserve fund		9,871	9,871
Minority interest		431,215	-
Profit and loss account		33,761,849	35,310,773
SHAREHOLDERS' FUNDS		<u>34,848,073</u>	<u>35,945,782</u>

The financial statements were approved and authorised for issue by the Board of Directors on 17 May 2019. They were signed on its behalf by:



Dan Flinter
Director



Liam Kavanagh
Director

Date: 11 July 2019

THE IRISH TIMES DESIGNATED ACTIVITY COMPANY

**COMPANY STATEMENT OF FINANCIAL POSITION
for the financial year ended 31 December 2018**

	Note	2018 €	2017 €
FIXED ASSETS			
Tangible assets	13	18,842,205	22,025,612
Financial assets	14	12,069,531	13,391,226
		<u>30,911,736</u>	<u>35,416,838</u>
CURRENT ASSETS			
Stocks	15	650,061	448,795
Debtors (amounts falling due within one year)	16	18,432,193	15,510,771
Cash at bank and in hand		13,166,772	11,310,907
		<u>32,249,026</u>	<u>27,270,473</u>
CREDITORS (amounts falling due within one year)	17	(22,539,168)	(23,503,818)
NET CURRENT ASSETS		<u>9,709,858</u>	<u>3,766,655</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>40,621,594</u>	<u>39,183,493</u>
CREDITORS (amounts falling due after more than one year)	18	(885,557)	-
PROVISIONS FOR LIABILITIES	20	(3,135,090)	(3,753,807)
		<u>36,600,947</u>	<u>35,429,686</u>
CAPITAL AND RESERVES			
Share capital	22	625,138	625,138
Capital conversion reserve fund		9,871	9,871
Profit and loss account		35,965,938	34,794,677
SHAREHOLDERS' FUNDS		<u>36,600,947</u>	<u>35,429,686</u>

The financial statements were approved and authorised for issue by the Board of Directors on 17 May 2019. They were signed on its behalf by:



Dan Flinter
Director



Liam Kavanagh
Director

Date: 11 July 2019

GROUP STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2018

	<i>Share capital</i> €	<i>Capital conversion reserve fund</i> €	<i>Minority Interest</i> €	<i>Profit and loss account</i> €	<i>Total</i> €
At 1 January 2017	625,138	9,871	-	33,303,930	33,938,939
Profit for financial year	-	-	-	2,006,843	2,006,843
Other comprehensive income	-	-	-	-	-
Total comprehensive income attributable to owners for the year	-	-	-	2,006,843	2,006,843
At 31 December 2017	625,138	9,871	-	35,310,773	35,945,782
Acquisition of subsidiary undertaking	-	-	370,220	-	370,220
(Loss) profit for financial year	-	-	60,995	(1,548,924)	(1,487,929)
Other comprehensive income	-	-	-	-	-
Total comprehensive (loss) attributable to owners for the year	-	-	431,215	(1,548,924)	(1,117,709)
At 31 December 2018	625,138	9,871	431,215	33,761,849	34,828,073

COMPANY STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2018

	<i>Share capital</i> €	<i>Capital conversion reserve fund</i> €	<i>Profit and loss account</i> €	<i>Total</i> €
At 1 January 2017	625,138	9,871	32,436,289	33,071,298
Profit for financial year	-	-	2,358,388	2,358,388
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Total comprehensive income attributable to owners for the year	-	-	2,358,388	2,358,388
	-----	-----	-----	-----
At 31 December 2017	625,138	9,871	34,794,677	35,429,686
Profit for financial year	-	-	1,171,261	1,171,261
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Total comprehensive income attributable to owners for the year	-	-	1,171,261	1,171,261
	-----	-----	-----	-----
At 31 December 2018	<u>625,138</u>	<u>9,871</u>	<u>35,965,938</u>	<u>36,600,947</u>

GROUP STATEMENT OF CASH FLOWS
for the financial year ended 31 December 2018

	<i>Note</i>	<i>2018</i> €	<i>2017</i> €
Net cash inflow from operating activities	23	3,812,728	3,871,002
<i>Cash flows from investing activities</i>			
Purchase of tangible fixed assets		(464,659)	(1,342,921)
Purchase of intangible fixed assets		(2,758)	–
Interest received		4,415	3,602
Income from financial fixed assets received		65,762	13,824
Investment in subsidiary		(601)	–
Transaction costs		(594,510)	–
Sale of associate		13,230	62,936
		<hr/>	<hr/>
Net cash inflow from investing activities		2,833,607	2,608,443
<i>Cash flows from financing activities</i>			
Finance lease receipt		1,300,000	–
Bank loan repaid		(1,150,000)	–
Capital element of finance lease repaid		(211,999)	(100,546)
Interest paid		(49,791)	(532)
Interest element of finance lease payment		(27,059)	(2,754)
		<hr/>	<hr/>
Net cash outflows from financing activities		(138,849)	(103,832)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		2,694,758	2,504,611
Cash and cash equivalents at 1 January		11,537,341	9,032,730
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		<u>14,232,099</u>	<u>11,537,341</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

1. ACCOUNTING POLICIES

(a) *Statement of compliance and basis of preparation*

The Irish Times Designated Activity Company ("the Company") is a company incorporated in the Republic of Ireland under the Companies Act 2014. The address of the registered office is 24/28 Tara Street, Dublin 2 and the registered number is 2514. The nature of the Group's operations and its principal activities are set out in the Directors' Report on pages 3 to 7.

The Group's financial statements have been prepared in accordance with applicable accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (Generally Accepted Accounting Practice in Ireland).

The Group's financial statements are presented in Euro (€) and have been prepared under the historic cost convention. The functional currency of the Company is considered to be Euro because that is the currency of the primary economic environment in which the Company operates. The Group financial statements are also presented in Euro.

The Irish Times Designated Activity Company, as a separate standalone entity, meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside these consolidated financial statements. Exemptions have been taken in relation to presentation of a cash-flow statement, intra-group transactions and remuneration of key management personnel.

(b) *Basis of consolidation*

The Group financial statements include the financial statements of The Irish Times Designated Activity Company and all its subsidiaries made up to the reporting date.

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Where necessary adjustments are made to subsidiary financial statements to bring the accounting policies in line with those used by the Group. All intra-group transactions, balances income and expenses are eliminated in full on consolidation.

The Group's share of results of its joint ventures, which are entities in which the Group holds an interest on a long term basis and which are jointly controlled by the Group and one or more other ventures under a contractual arrangement, are accounted for using the equity method. Initial recognition, from the date the investments are finalised is at the transaction price (including transaction costs) and subsequently adjusted to reflect the Group's share of profits or loss and other comprehensive income of joint ventures.

The Group's share of results of its associates, which are entities in which the Group has a participating interest and over who's operating and financial policies the Group exercises a significant influence, are accounted for using the equity method.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

1. ACCOUNTING POLICIES

(b) *Basis of consolidation (continued)*

Initial recognition, from the date the investments are finalised is at the transaction price (including transaction costs) which is subsequently adjusted to reflect the Group's share of profits or loss and other comprehensive income of its associates.

Goodwill arising on the acquisition of associates is recognised in line with note 1(h) below. Any unamortised balance of goodwill is included in the carrying value of the investments in associates.

(c) *Going concern*

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the Directors' Report. The Directors' Report also describes the principal risks and uncertainties of the Group and the policies and processes in place for managing these risks.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(d) *Currency*

Transactions denominated in foreign currencies are translated to euro at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to euro at the rates of exchange ruling at the reporting date. The resulting profits or losses are dealt with in the Statement of Comprehensive Income.

(e) *Revenue recognition*

Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

1. ACCOUNTING POLICIES (Continued)

(e) *Revenue recognition (continued)*

Rendering of services

Revenue from the sales of digital advertising, digital subscriptions and contract printing services is measured when the service is delivered to the buyer.

(f) *Advertising and promotional expenditure*

Advertising and promotional expenditure is written off in full in the year in which the costs are incurred.

(g) *Taxation*

The charge for taxation is based on the profit or loss for the year and takes into account taxation advanced and/or deferred because of timing differences.

Deferred tax is calculated on all timing differences that have originated but not reversed at the Statement of Financial Position 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 reporting date.

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

Deferred tax liabilities are recognised in full in respect of net unfavourable timing differences. Deferred tax assets are recognised in respect of net favourable timing differences, including taxation losses available for carry forward. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it will be regarded as more likely than not that there will be suitable taxable profits from which the future reversals of the underlying timing differences can be deducted.

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 at the reporting date. Deferred tax is not discounted.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018 (Continued)

1. ACCOUNTING POLICIES (Continued)

(h) *Business combinations*

Business combinations are accounted for using the purchase method of accounting. The cost of an acquisition under the purchase method is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

(i) *Goodwill*

Goodwill arising on acquisitions, being the excess of the consideration over the fair value of the net assets at the date of acquisition, is capitalised and related amortisation is charged against operating profit on a straight line basis over its useful economic life.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each cash generating unit that is expected to benefit from the synergies of the combination.

If a subsidiary, associate or business is subsequently sold or discontinued, any goodwill arising on acquisition that has not been amortised through the income statement is taken into account in determining the profit or loss on sale or discontinuance.

(j) *Intangible assets*

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets acquired as part of an acquisition are not recognised where they arise from legal or other contractual rights, and where there is no history of exchange transactions.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

1. ACCOUNTING POLICIES (Continued)

(k) *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment.

Depreciation is provided at annual rates calculated to write off the cost or valuation, less estimated residual value, over the expected useful life of the assets as follows:

Freehold and long leasehold land	nil
Freehold and long leasehold premises	2% to 10% straight line
Plant and machinery	10% to 33⅓% straight line
Motor vehicles	20% straight line
Office equipment	20% to 33⅓% straight line

Depreciation is provided on additions with effect from the first day of the month of commissioning and on disposals up to the end of the month prior to retirement.

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

(l) *Impairment of non-financial assets*

The Group assesses at each reporting date whether an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

An impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply.

(m) *Leased assets*

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, are capitalised in the Statement of Financial Position and are depreciated over their useful lives. The capital elements of future obligations under leases are included as liabilities in the Statement of Financial Position. The interest elements of the rental obligations are charged in the Statement of Comprehensive Income over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018 (Continued)

1. ACCOUNTING POLICIES (Continued)

(m) *Leased assets (continued)*

Rentals payable under operating leases are charged in the Statement of Comprehensive Income on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

(n) *Financial fixed assets*

The investments by the Company in subsidiary, joint venture and associate undertakings are shown at cost less provisions for any impairment in value.

Other investments such as investments in non-puttable ordinary shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less provisions for any impairment in value.

(o) *Stocks*

Stocks are valued at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value ('NRV'), on the first-in, first-out basis, cost being invoice price including duty and freight. Cost includes all costs incurred in bringing each produce to its present location and condition. Due provision is made to reduce any obsolete stock to its net realisable value. NRV is based on estimated selling price less any future costs expected to be incurred to completion and disposal.

(p) *Cash and cash equivalents*

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(q) *Short term debtors and creditors*

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses.

(r) *Retirement benefits*

Defined contribution scheme costs are charged to the Statement of Comprehensive Income in the accounting period in which they are incurred.

Provision is made for the actuarial valuation of ex-gratia pensions at the time the commitment is recognised. Subsequent adjustments to the computation of the outstanding commitment are dealt with annually in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018 (Continued)

1. ACCOUNTING POLICIES (Continued)

(s) *Provisions*

The Group establishes provisions based on reasonable estimates, when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount of such provisions is based on various factors, such as estimation of the outflow of economic benefits and the likely timing of same.

(t) *Exceptional Items*

In order to highlight significant items within the Group results for the year, the Group includes significant items as exceptional items within the Statement of Comprehensive Income. Such items may include restructuring costs, wind up of pension schemes, impairment of assets, profit or loss on disposal or termination of operations and profit or loss on disposal of investments. Judgement is used by management in assessing the particular items, which by virtue of their scale and nature, are disclosed in the Statement of Comprehensive Income and noted as exceptional items.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that have had the most significant effect on the amounts recorded in the financial statements:

(a) *Exceptional items*

The Group has adopted an income statement format which highlights significant items within the Group's results for the year. Exceptional items are those items of income and expense that the Group considers are material and/or of such a nature that their separate disclosure is relevant to a better understanding of the Group's financial performance. Judgement is used by the Group in assessing the particular items which, by virtue of their materiality and/or nature, are disclosed in the Group Income Statement and related notes as exceptional items (note 4).

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) *Impairment of non-financial assets*

Where there are indicators of impairment of individual assets, the Group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from projections for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

3. TURNOVER

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of value added tax.

Turnover by class of business and geographical market are not provided as the directors are of the opinion that the provision of such information would be seriously prejudicial to the interests of the Group.

An analysis of the Group's turnover is as follows:

	2018	2017
	€	€
Sale of goods	66,483,874	51,548,860
Rendering of services	27,911,556	26,392,092
	<u>94,395,430</u>	<u>77,940,952</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

4. EXCEPTIONAL ITEMS	2018 €	2017 €
Costs of re-organisation	1,880,154	88,934
Impairment of joint venture investment	72,917	100,000
Gain on sale of associate investment	(13,230)	(62,936)
Professional fees	112,162	676,104
	<u>2,052,003</u>	<u>802,102</u>

The costs of re-organisation comprise redundancy costs. The tax effect of these costs was a credit of €235,019 (2017: €11,117). None of the other exceptional items have a tax impact.

The impairment of joint venture investment relates to the write down of the investment in Professional Accountancy Training Limited (2017: impairment of investments in Sortridge Limited and Media Brokers Limited).

The gain on sale of associate investment relates to the sale of the investment in Entertainment Media Networks Limited.

5. INTEREST RECEIVABLE AND SIMILAR INCOME	2018 €	2017 €
Interest receivable	4,415	3,341
Income from financial fixed assets other than shares in Group undertakings	98,756	91,787
	<u>103,171</u>	<u>95,128</u>
6. INTEREST PAYABLE AND SIMILAR CHARGES	2018 €	2017 €
Finance lease interest	27,059	2,754
Interest on bank loans and overdrafts	49,791	532
Unwinding of discount on pension settlement provision (<i>Note 20</i>)	135,264	201,795
	<u>212,114</u>	<u>205,081</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

7.	(LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2018 €	2017 €
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The (loss) profit on ordinary activities before taxation
is stated after charging:

Directors' emoluments

Fees for services	154,657	152,174
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Details of directors' remuneration are included in the Directors' Report on Page 5 and 6.

Remuneration:

Executive directors	734,155	747,600
Pension and related emoluments	262,135	267,837
Chairmen's salaries	98,036	97,942
	<u>1,094,326</u>	<u>1,113,379</u>

Auditors' remuneration – Audit of Group accounts	82,000	82,000
– Other assurance services	28,000	28,000
– Tax advisory services	35,000	54,570

Depreciation of tangible fixed assets	3,808,123	3,749,100
Amortisation of intangible and goodwill assets	608,034	–
Operating lease rentals – plant and machinery	388,561	377,997
– other	1,232,729	1,232,629

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

8. STAFF NUMBERS AND COSTS

GROUP

The average monthly number of employees, including executive directors, who worked in the Group during the financial year was as follows:

	<i>2018</i> <i>Number</i>	<i>2017</i> <i>Number</i>
Printing, publishing, broadcasting, distribution and administration	630	437

The aggregate payroll costs comprise:

	€	€
Wages and salaries	37,871,960	29,834,706
Social welfare costs	4,091,582	3,295,546
Other retirement benefit costs	4,102,062	3,928,309
	<u>46,065,604</u>	<u>37,058,561</u>

Other retirement benefit costs include the cost in respect of the defined contribution pension scheme, ex-gratia pension costs and professional fees incurred in managing the Group pension schemes. Defined contribution scheme costs included in other retirement benefit costs for the financial year amounted to €4,064,865 (2017: €3,449,320).

COMPANY

The average number of employees, including executive directors, who worked in the Company during the financial year was as follows:

	<i>2018</i> <i>Number</i>	<i>2017</i> <i>Number</i>
Printing, publishing and distribution	414	420

The aggregate payroll costs comprise:

	€	€
Wages and salaries	29,083,935	29,194,510
Social welfare costs	3,237,808	3,229,039
Other retirement benefit costs	3,606,856	3,901,175
	<u>35,928,599</u>	<u>36,324,724</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

8. STAFF NUMBERS AND COSTS (Continued)

Other retirement benefit costs include the costs in respect of the defined contribution pension scheme, ex-gratia pension costs and professional fees incurred in managing the Company pension schemes. Defined contribution scheme costs included in other retirement benefit costs for the financial year amounted to €3,569,659 (2017: €3,901,175).

9.	TAX ON (LOSS) PROFIT ON ORDINARY ACTIVITIES	2018	2017
		€	€
(a)	<i>The tax charge is made up as follows:</i>		
	<i>Current tax:</i>		
	Under provision in respect of prior financial years	-	21,810
		<u> </u>	<u> </u>
	Tax on (loss) profit on ordinary activities	-	21,810
		<u> </u>	<u> </u>

(b) *Factors affecting the current tax charge for the financial year*

The current tax charge for the financial year differs from the amount computed by applying the standard rate of corporation tax in the Republic of Ireland to the loss on ordinary activities before taxation. The sources and tax effects of the differences are explained below:

	2018	2017
	€	€
(Loss) profit on ordinary activities	(1,487,929)	2,028,653
	<u> </u>	<u> </u>
(Loss) profit on ordinary activities multiplied by the standard tax rate 12.5%	(185,991)	253,582
<i>Effect of:</i>		
Expenses not deductible and non-taxable income	118,919	74,816
Enhancements disallowed	130,852	-
Other timing differences including differences between capital allowances and depreciation and movement in provisions	31,932	83,370
Losses arising in the financial year not utilised in current year		-
Higher tax rates on investment income	225	764
Losses brought forward utilised in current year	(95,937)	(412,532)
Under provision in respect of prior financial years		21,810
	<u> </u>	<u> </u>
Total tax charge for the financial year	-	21,810
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

9. TAX ON (LOSS) PROFIT ON ORDINARY ACTIVITIES (Continued)

(c) *Factors that may affect future taxation charges*

Under present legislation, the Company is subject to Irish corporation tax at a rate of 12.5% on profits.

The Group has tax losses arising in Ireland of €27.7m (2017: €29.5m) that are available indefinitely for offset against future taxable profits of those companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as uncertainty exists regarding the timing of utilisation.

10. PROFIT FOR THE FINANCIAL YEAR

The Company has availed of exemptions set out in section 304 of the Companies Act, 2014 from laying the Company's individual profit and loss account before the annual general meeting and from filing it with the Registrar of Companies. The profit for the financial year accounted for by the Company dealt with in the Group Statement of Comprehensive (Loss) Income was €1,171,261 (2017: €2,358,388).

The fees paid to the auditors in respect of the audit of the Company individual accounts in 2018 was €72,000 (2017: €72,000). In addition the auditors received fees of €17,000 and €17,000 in respect of other assurance services, and €35,000 and €54,570 in respect of tax advisory services in 2018 and 2017 respectively. The auditors did not receive any fees for other non-audit services in either financial year. Note 7 provides additional information regarding auditors' remuneration at the consolidated level.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

11. INTANGIBLE ASSETS

	<i>Computer software</i>	<i>Development costs</i>	<i>Goodwill</i>	<i>Total</i>
<i>GROUP</i>	€	€	€	€
<i>Cost</i>				
At 1 January 2018	-	-	-	-
Acquisition of subsidiary undertaking	189,594	40,529	2,184,200	2,414,323
Additions during the financial year	-	2,758	-	2,758
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	189,594	43,287	2,184,200	2,417,081
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>				
At 1 January 2018	-	-	-	-
Charge for the financial period	59,302	3,682	546,050	609,034
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	59,302	3,682	546,050	609,034
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value at:</i>				
At 31 December 2018	130,292	39,605	1,638,150	1,808,047
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2017	-	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

12. BUSINESS COMBINATIONS

On 10th July 2018 the group obtained control of the publishing and media interests of the Examiner Group after approval was granted by the Minister for Communications, Climate Action and Environment following approvals by the Broadcasting Authority of Ireland and by the Competition and Consumer Protection Commission.

The purchase of this business results from the strategic imperatives of reducing the combined cost base of the two organisations, sustaining advertising revenues with a larger audience and building future digital revenues. The acquisition brings together two organisations with a quality focus and strong editorial ethos where the objective is to create a dynamic and vibrant media business which can sustain itself for the longer term.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

12. BUSINESS COMBINATIONS (Continued)

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of the Irish Examiner Media Group as at the date of acquisition were:

	<i>Fair value recognised on acquisition</i>
<i>Assets</i>	€
Intangible assets	230,123
Tangible assets (Note 13)	3,240,669
Financial assets (Note 14)	780,496
Debtors	5,906,634
Cash	730,023
Creditors due within one year	(10,822,042)
Creditors due after more than one year	(710,700)
Provisions (Note 20)	(858,954)
	<hr/>
Net liabilities	(1,503,751)
Minority interest	(370,220)
Goodwill arising on acquisition	2,184,200
	<hr/>
	310,229
	<hr/>
<i>Discharged by:</i>	
Purchase of shares	50,601
Professional fees	259,628
	<hr/>
	310,229
	<hr/>

Goodwill arising on the acquisition of the Irish Examiner Media Group of €2,184,200 comprises the value of expected synergies across the Group and is being amortised over a two year timeline which represents the period during which the benefit is expected to be realised. The cost of the transaction of €50,601, of which €50,000 is deferred until 29th August 2019, was settled in cash and represents 100% of the voting rights of the parent company, Sappho Limited. Turnover included in these financial statements in respect of Sappho Limited was €18.2m and its loss before exceptional items was €0.6m.

The purchase price accounting for the acquisition is considered provisional at the date of signing of the financial statements and will be completed within 12 months of the acquisition date in line with the requirements of FRS102. Fair value adjustments of approximately €400k primarily relate to the revaluation of financial assets to align with The Irish Times DAC accounting policies.

THE IRISH TIMES DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

13. TANGIBLE ASSETS	Freehold and long leasehold land and premises	Plant & machinery	Motor vehicles	Office equipment	Total
GROUP	€	€	€	€	€
<i>Cost</i>					
At 31 December 2016	47,214,478	59,516,234	47,360	6,808,385	113,586,457
Additions during financial year	2,944	1,278,050	-	61,927	1,342,921
Disposals during financial year	-	(80,002)	-	-	(80,002)
At 31 December 2017	47,217,422	60,714,282	47,360	6,870,312	114,849,376
Acquisition of subsidiary undertaking	2,744,741	172,766	42,218	280,944	3,240,669
Additions during financial year	-	443,982	-	20,677	464,659
Disposals during financial year	-	-	-	-	-
At 31 December 2018	49,962,163	61,331,030	89,578	7,171,932	118,554,704
<i>Depreciation:</i>					
At 31 December 2016	29,479,821	53,020,319	43,143	6,580,702	89,123,985
Charged during financial year	2,205,567	1,469,049	1,100	46,384	3,749,100
Disposals during financial year	-	(79,689)	-	-	(79,689)
At 31 December 2017	31,685,388	56,436,679	44,243	6,627,086	92,793,396
Charged during financial year	2,314,623	1,411,588	6,940	74,972	3,808,123
Disposals during financial year	-	-	-	-	-
At 31 December 2018	34,000,011	55,848,267	51,183	6,702,058	96,601,519
<i>Net book value at:</i>					
At 31 December 2018	15,962,152	5,482,763	38,395	469,875	21,953,185
At 31 December 2017	15,532,034	6,277,603	3,117	243,226	22,055,980

THE IRISH TIMES DESIGNATED ACTIVITY COMPANY

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

13. TANGIBLE ASSETS (Continued)	Freehold and long leasehold land and premises	Plant & machinery	Motor vehicles	Office equipment	Total
COMPANY	€	€	€	€	€
<i>Cost:</i>					
At 31 December 2016	47,210,107	59,299,632	47,360	1,520,211	108,077,310
Additions during financial year	-	1,272,320	-	61,020	1,333,340
Disposals during financial year	-	-	-	-	-
At 31 December 2017	47,210,107	60,605,047	47,360	1,660,380	109,522,894
Additions during financial year	-	428,295	-	19,486	447,781
Disposals during financial year	-	-	-	-	-
At 31 December 2018	47,210,107	61,033,342	47,360	1,679,866	109,970,675
<i>Depreciation:</i>					
At 31 December 2016	29,476,509	52,840,026	43,144	1,405,745	83,765,424
Charged during financial year	2,204,693	1,489,610	1,100	36,455	3,731,858
Disposals during financial year	-	-	-	-	-
At 31 December 2017	31,681,202	54,329,636	44,244	1,442,200	87,497,282
Charged during financial year	2,198,374	1,390,038	1,100	41,676	3,631,188
Disposals during financial year	-	-	-	-	-
At 31 December 2018	33,879,576	55,719,674	45,344	1,483,876	91,128,470
<i>Net book value at:</i>					
At 31 December 2018	13,330,531	5,313,668	2,016	195,990	18,842,205
At 31 December 2017	15,528,905	6,275,411	3,116	218,180	22,025,612

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

13. TANGIBLE ASSETS (Continued)

Capitalised leased assets – Group

Included in the cost of plant and machinery and office equipment is an amount of capitalised leased assets of €1,902,961 (2017: €602,961). The depreciation charge in respect of capitalised leased assets for the financial year ended 31 December 2018 amounted to €88,476 (2017: €112,090) and accumulated depreciation was €691,437 (2017: €602,961). The carrying value of the leased assets at 31 December 2018 is €1,211,524 (2017: €Nil).

Capitalised leased assets – Company

Included in the cost of plant and machinery is an amount of capitalised leased assets of €1,860,454 (2017: €560,454). The depreciation charge in respect of capitalised leased assets for the financial year ended 31 December 2018 amounted to €88,476 (2017: €112,090) and accumulated depreciation was €648,930 (2017: €560,454). The carrying value of the leased assets at 31 December 2018 is €1,211,524 (2017: €Nil).

14. FINANCIAL ASSETS

	<i>Group</i>		<i>Company</i>	
	2018	2017	2018	2017
	€	€	€	€
Investment in subsidiary undertakings (a)	-	-	404	404
Investment in joint venture undertakings (b)	-	-	-	-
Investment in associates (c)	50,000	-	-	-
Other investments (d)	12,799,824	13,390,822	12,069,127	13,390,822
	<u>12,849,824</u>	<u>13,390,822</u>	<u>12,069,531</u>	<u>13,391,226</u>

(a) *Investment in subsidiary undertakings - Company*

	<i>Shares at cost</i>	<i>Total</i>
	€	€
At beginning of the financial year	404	404
Additions during the year	-	-
At the end of the financial year	<u>404</u>	<u>404</u>

In the opinion of the directors, the value of the shares, none of which are listed, is not less than cost.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

14. FINANCIAL ASSETS (Continued)

(a) *Investment in subsidiary undertakings – Company (continued)*

Subsidiary undertakings at 31 December 2018:

<i>Name</i>	<i>Registered office</i>	<i>Proportion held by:</i>		<i>Nature of business</i>
		<i>Company</i>	<i>Subsidiary</i>	
Itronics Limited	The Irish Times Building 24/28 Tara Street Dublin 2	100%	–	Training related services
Sharmal Limited	The Irish Times Building 24/28 Tara Street Dublin 2	100%	–	Holding Company
MyHome Limited	The Irish Times Building 24/28 Tara Street Dublin 2	–	100%	Property website
D'Olier Investments Limited	The Irish Times Building 24/28 Tara Street Dublin 2	100%	–	Holding company
Gloss Publications Limited	The Courtyard 40 Main Street Blackrock Co. Dublin	–	50%	Magazine publisher
DigitalworX Limited	The Irish Times Building 24/28 Tara Street Dublin 2	100%	–	Website publisher
Palariva Limited	The Irish Times Building 24/28 Tara Street Dublin 2	100%	–	Holding company
Fianchetto Limited	The Irish Times Building 24/28 Tara Street Dublin 2	100%	–	Holding company

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

14. FINANCIAL ASSETS (Continued)

(a) Investment in subsidiary undertakings – Company (continued)

Subsidiary undertakings at 31 December 2018:

Name	Registered office	Proportion held by:		Nature of business
		Company	Subsidiary	
Renuka Limited	2 nd Floor Linn Dubh Assumption Road Blackpool Cork	–	100%	Holding company
Western People Limited	2 nd Floor Linn Dubh Assumption Road Blackpool Cork	–	100%	Newspaper publisher
The Nationalist and Leinster Times Limited	2 nd Floor Linn Dubh Assumption Road Blackpool Cork	–	100%	Newspaper publisher
Roscommon Herald Limited	2 nd Floor Linn Dubh Assumption Road Blackpool Cork	–	100%	Newspaper publisher
Irish Examiner Limited	2 nd Floor Linn Dubh Assumption Road Blackpool Cork	–	100%	Newspaper publisher
Evening Echo Limited	2 nd Floor Linn Dubh Assumption Road Blackpool Cork	–	100%	Newspaper publisher
Landmark Digital Limited	2 nd Floor Linn Dubh Assumption Road Blackpool Cork	–	100%	Digital publisher

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

14. FINANCIAL ASSETS (Continued)

(a) *Investment in subsidiary undertakings – Company (continued)*

Subsidiary undertakings at 31 December 2018:

<i>Name</i>	<i>Registered office</i>	<i>Proportion held by:</i>		<i>Nature of business</i>
		<i>Company</i>	<i>Subsidiary</i>	
News and Star Media (Waterford) Limited	2 nd Floor Linn Dubh Assumption Road Blackpool Cork	–	100%	Newspaper publisher
WKW FM Limited	2 nd Floor Linn Dubh Assumption Road Blackpool Cork	–	75%	Broadcast Media
South East Broadcasting Limited	2 nd Floor Linn Dubh Assumption Road Blackpool Cork	–	75%	Broadcast Media
Benchwarmers Limited	2 nd Floor Linn Dubh Assumption Road Blackpool Cork	–	75%	Digital publisher

Unless otherwise stated, all shareholdings represent interests in ordinary share capital.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

14. FINANCIAL ASSETS (Continued)

(b) *Investment in joint venture undertakings*

	€
<i>GROUP</i>	
<i>Cost:</i>	
At 31 December 2016	100,000
Share of profits during financial year	(100,000)
	<hr/>
At 31 December 2017	-
Impairment of joint venture investment	-
	<hr/>
At 31 December 2018	-
	<hr/> <hr/>

(c) *Investment in associates*

	€
<i>GROUP</i>	
<i>Cost:</i>	
At 31 December 2016	-
	<hr/>
At 31 December 2017	-
Acquisition of subsidiary undertaking	50,000
	<hr/>
At 31 December 2018	50,000
	<hr/> <hr/>

During the year the Group received a further payment in respect of the disposal in 2017 of its investment in Entertainment Media Networks Limited and recorded a gain on disposal of €13,230. The acquisition of The Examiner group of companies included an investment in Siteridge Limited t/a Red FM of €50,000.

(d) <i>Other investments</i>	<i>Group</i>		<i>Company</i>	
	2018	2017	2018	2017
	€	€	€	€
Listed investments	3,862,492	4,922,162	3,862,492	4,922,162
Unlisted investments	8,937,332	8,468,660	8,206,635	8,468,660
	<hr/>	<hr/>	<hr/>	<hr/>
	12,799,824	13,390,822	12,069,127	13,390,822
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Listed investments consist of shares of quoted companies on recognised stock exchanges. The fair value of listed investments was determined with reference to the quoted market price at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

14. FINANCIAL ASSETS (Continued)

(d) *Other investments (continued)*

Unlisted investments consist of a 2.25% share of Press Association Limited, an Irish Life property fund and an Irish Life guaranteed fund. The fair value of unlisted investments was determined with reference to the net assets of Press Association Limited, adjusted for the nature of the group's minority share, and the bid prices of the two funds.

The following is a schedule of the movement in value of the investments:

<i>Movements:</i>	<i>Group</i>		<i>Company</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	€	€	€	€
At 1 January	13,390,822	12,856,616	13,390,822	12,856,616
Acquisition of subsidiary undertaking	730,496	-	-	-
Income	82,991	77,963	82,790	77,963
Fair value adjustments				
- Listed investments	(1,059,670)	292,147	(1,059,670)	292,147
- Unlisted investments	(344,815)	164,096	(344,815)	164,096
At 31 December	<u>12,799,824</u>	<u>13,390,822</u>	<u>12,069,127</u>	<u>13,390,822</u>

15. STOCKS

	<i>Group</i>		<i>Company</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	€	€	€	€
Newsprint and materials	<u>650,061</u>	<u>460,604</u>	<u>650,061</u>	<u>448,795</u>

The replacement cost of the above categories of stock does not differ materially from their stated Statement of Financial Position values.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

17. CREDITORS (amounts falling due within one year) (Continued)

(a) Tax and social welfare comprises:

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Value added tax	1,933,552	1,231,402	1,261,391	1,211,939
Employment taxes	1,872,416	1,024,761	1,029,930	1,013,357
Corporation tax payable	2,883	2,443	2,443	2,443
	<u>3,808,851</u>	<u>2,258,606</u>	<u>2,293,764</u>	<u>2,227,739</u>

18. CREDITORS (amounts falling due after more than one year)

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Finance lease obligations (note 24 (a))	885,557	-	885,557	-
Bank loans	451,953	-	-	-
Amounts owed to related parties	461,616	-	-	-
	<u>1,799,126</u>	<u>-</u>	<u>885,557</u>	<u>-</u>

Related parties amounts are in respect of a minority shareholder in a group company.

19. BANK FACILITIES

Certain of the Group's bank facilities are secured by fixed and floating charges over certain assets and are subject to compliance with a number of general and financial covenants. Bank loans are secured by a mortgage debenture incorporating a fixed and floating charge over all aspects of a group company, Sappho Limited, together with a cross guarantee from other group companies.

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Bank Loans	513,548	-	-	-
Less amounts falling due within one year	(61,595)	-	-	-
	<u>451,953</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than one year	<u>451,953</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

20. PROVISIONS

<i>GROUP</i>	<i>Restructuring(i)</i>	<i>Ex-Gratia pension(ii)</i>	<i>Pension settlement provision(iii)</i>	<i>Total</i>
	€	€	€	€
<i>Cost:</i>				
At 31 December 2016	931,245	181,494	5,346,434	6,459,173
Provided during financial year	88,934	-	-	88,934
Utilised during financial year	(1,020,179)	(26,369)	-	(1,046,548)
Pension scheme payments	-	-	(1,949,547)	(1,949,547)
Unwinding of discount	-	-	201,795	201,795
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	-	155,125	3,598,682	3,753,807
Acquisition of subsidiary undertaking	858,954	-	-	858,954
Provided during financial year	1,880,154	-	-	1,880,154
Utilised during financial year	(1,876,909)	(12,085)	-	(1,888,994)
Pension scheme payments	-	-	(986,723)	(986,723)
Unwinding of discount	-	-	135,264	135,264
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	<u>862,199</u>	<u>143,040</u>	<u>2,747,223</u>	<u>3,752,462</u>

COMPANY

	<i>Restructuring(i)</i>	<i>Ex-Gratia pension(ii)</i>	<i>Pension settlement provision(iii)</i>	<i>Total</i>
	€	€	€	€
<i>Cost:</i>				
At 31 December 2016	931,245	181,494	5,346,434	6,459,173
Provided during financial year	88,934	-	-	88,934
Utilised during financial year	(1,020,179)	(26,369)	-	(1,046,548)
Pension scheme payments	-	-	(1,949,547)	(1,949,547)
Unwinding of discount	-	-	201,795	201,795
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	-	155,125	3,598,682	3,753,807
Provided during financial year	1,370,838	-	-	1,370,838
Utilised during financial year	(1,126,011)	(12,085)	-	(1,138,096)
Pension scheme payments	-	-	(986,723)	(986,723)
Unwinding of discount	-	-	135,264	135,264
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	<u>244,827</u>	<u>143,040</u>	<u>2,747,223</u>	<u>3,135,090</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

20. PROVISIONS (Continued)

(i) *Restructuring*

This provision relates primarily to redundancy costs.

(ii) *Ex-gratia pensions*

This provision relates to future payments to certain former employees of The Irish Times Designated Activity Company.

(iii) As per note 21, the defined benefit pension plans were wound up on 1 March 2015 and 19 June 2015.

The liability is a settlement provision due to an agreement entered into by the Group and Company to enhance transfer values totalling €11m. This amount has been recorded in accordance with Section 21 *Provisions and Contingencies* of FRS 102. The payments are payable over 7 years from 2015 and these have been discounted to a present value using a discount rate of 3.7%.

21. RETIREMENT BENEFIT SCHEME

The Company operates a defined contribution pension scheme in conjunction with a subsidiary undertaking. The scheme is funded by company and employee contributions to separately administered pension funds. All contributions were made on time during the year.

Separately the company agreed in 2015 to pay €11m in enhanced transfer value over 7 years to The Irish Times Designated Activity Company Defined Contribution Pension Plan scheme. Payments totalling €1.0m (2017: €2.0m) were made during the year in accordance with the agreed schedule and all such payments were made on time.

22. CALLED UP SHARE CAPITAL AND RESERVES

(a) <i>Called up share capital</i>	<i>2018</i>	<i>2017</i>
	€	€
<i>GROUP AND COMPANY</i>		
<i>Authorised, allotted, called up and fully paid:</i>		
500,000 ordinary shares of €1.25 each	625,000	625,000
110 preference shares of €1.25 each	138	138
	<u>625,138</u>	<u>625,138</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

22. CALLED UP SHARE CAPITAL AND RESERVES (Continued)

The Company has one class of ordinary shares which carry no right to fixed income.

In accordance with the memorandum of association of the Company, no portion of the income and property of the Company can be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise, to members of the Company except that the holders of all the preference shares retain their entitlement to repayment at par of the amount of capital paid up thereon (€1.25 per share) in a winding up or dissolution of the Company.

The ordinary shares are non-voting shares.

(b) *Reserves*

The Group and Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses.

The capital conversion reserve fund of €9,871 represents a reserve created due to the renominialisation of share capital subsequent to the changeover to the Euro.

23. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOW	2018 €	2017 €
Operating profit	561,549	1,682,363
Investment impairment	72,917	100,000
Gain on disposal of investments	(13,230)	(62,936)
Gain on disposal of tangible fixed assets	10,000	313
Depreciation of tangible fixed assets	3,808,123	3,749,100
Amortisation of intangible assets	62,984	-
Interest element of defined benefit pension plan settlement	(135,264)	(201,795)
Restructuring	1,880,154	88,934
(Increase) decrease in stocks	(189,457)	65,431
Decrease (increase) in debtors	2,541,617	1,974,842
(Decrease) in creditors	(1,272,830)	(736,057)
Decrease in operating provisions and pension balances	(3,524,070)	(2,794,300)
	<u>3,802,493</u>	<u>3,865,895</u>
<i>Taxation</i>		
Corporation tax refund	10,235	5,107
Corporation tax paid	-	-
	<u>3,812,728</u>	<u>3,871,002</u>
Cash generated by operations	<u>3,812,728</u>	<u>3,871,002</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

24. COMMITMENTS

(a) *Finance Leases*

The Group and Company use finance leases to acquire plant and machinery. These leases have terms of renewal but no purchase options or escalation clauses. Renewals are at the option of the lessee. Future minimum lease payments due under finance leases are as follows:

<i>GROUP AND COMPANY</i>	<i>2018</i>	<i>2017</i>
	€	€
Amounts payable:		
Not later than one year	279,650	-
Later than one year and not later than 5 years	885,557	-
Less: Finance charges allocated to future periods	(71,190)	-
	<u>1,094,017</u>	<u>-</u>

(b) *Operating leases*

Future minimum rentals payable under non-cancellable operating leases are as follows:

<i>GROUP</i>	<i>Land and buildings</i>	<i>Other</i>	<i>Total</i>
	€	€	€
Not later than one year	2,072,500	264,865	2,337,365
Later than one year and not later than five years	6,956,491	182,314	7,138,805
Later than five years	10,766,667	-	10,766,667
	<u>19,795,658</u>	<u>477,179</u>	<u>20,242,837</u>
 <i>COMPANY</i>	 <i>Land and buildings</i>	 <i>Other</i>	 <i>Total</i>
	€	€	€
Not later than one year	1,615,000	256,405	1,871,405
Later than one year and not later than five years	6,771,667	159,753	6,931,420
Later than five years	10,766,667	-	10,766,667
	<u>19,153,334</u>	<u>416,158</u>	<u>19,569,492</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

24. COMMITMENTS (Continued)

(b) *Operating leases (continued)*

Future minimum rentals receivable under non-cancellable operating leases are as follows:

<i>GROUP AND COMPANY</i>	<i>Land and buildings</i> €	<i>Other</i> €	<i>Total</i> €
Not later than one year	400,200	-	400,200
Later than one year and not later than five years	722,096	-	722,096
	<u>1,122,296</u>	<u>-</u>	<u>1,122,296</u>

25. CONTINGENT LIABILITIES

There were no material contingent liabilities affecting the Group or the Company at 31 December 2018.

26. GUARANTEES

Pursuant to the provisions of section 357, Companies Act 2014, the Company guarantees the liabilities of the following subsidiaries for the financial year ended 31 December 2018 and, as a result, those subsidiaries will be exempted from the filing provisions of sections 347 and 348, Companies Act 2014:

Itronics Limited
Sharmal Limited
MyHome Limited
D'Olier investments Limited
DigitalworX Limited
Palariva Limited
Fianchetto Limited
Sapho Limited

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018 (Continued)

27. GROUP RELATIONSHIPS AND CONTROLLING PARTIES

The Company is a wholly owned subsidiary of The Irish Times Holdings Unlimited Company, a Company incorporated in the Republic of Ireland that does not prepare consolidated financial statements. The parent undertaking of the smallest and largest group of undertakings for which Group financial statements are drawn up, and of which the Company is a member, is The Irish Times Trust Company Limited by Guarantee, a Company incorporated in the Republic of Ireland. The ultimate controlling party is The Irish Times Trust Company Limited by Guarantee. The consolidated financial statements of The Irish Times Trust Company Limited by Guarantee are filed in the Companies Registration Office, Parnell House, Parnell Square, Dublin 1.

28. RELATED PARTY TRANSACTIONS

For the purposes of the disclosure requirements of Section 33.7 of FRS 102 the term "Key management personnel" (that is those persons having authority and responsibility for planning, directing and controlling the activities of the Group) comprises the Board of Directors which manages the business and affairs of the Company and the Group. Total remuneration for key management personnel for the year totalled €1,248,983 (2017: €1,265,553).

The Company has availed of the exemption provided in FRS 102 Section 33 *Related Party Disclosures* for subsidiary undertakings 100% or more of whose voting rights are controlled within the Group, from the requirements to give details of transactions with entities that are part of the Group or investees of the Group qualifying as related parties.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2018 (Continued)

28. RELATED PARTY TRANSACTIONS (Continued)

During the financial year the Group entered into transactions in the ordinary course of business with other related parties. Transactions entered into, and trading balances outstanding at financial year end are as follows:

	<i>Sales to related party 2018 €</i>	<i>Sales to related party 2017 €</i>	<i>Purchases from related party 2018 €</i>	<i>Purchases from related party 2017 €</i>
Gloss Publications Limited	24,087	49,843	11,400	11,000
Siteridge Limited t/a Red FM	-	-	-	-
WKW FM Limited	-	-	-	-
South East Broadcasting Company Limited	-	-	-	-

	<i>Amounts owed to related party 2018 €</i>	<i>Amounts owed to related party 2017 €</i>	<i>Amounts owed by related party 2018 €</i>	<i>Amounts owed by related party 2017 €</i>
Gloss Publications Limited	-	-	1,334	-
Siteridge Limited t/a Red FM	-	-	775,592	-
WKW FM Limited	437,471	-	-	-
South East Broadcasting Company Limited	24,145	-	-	-

The company has availed of the exemption under Section 33 of FRS 102 from disclosing transactions and balances with wholly owned Group companies.

29. SUBSEQUENT EVENTS

There have been no events since the year end which require disclosure in the financial statements.

30. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved and authorised for issue the consolidated financial statements in respect of the financial year ended 31 December 2018 on 17 May 2019.