The Irish Times Limited

Directors' report and consolidated financial statements for the year ended 31 December 2013

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013

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COMPANY INFORMATION

DIRECTORS	Tom Arnold Brian Caulfield Margaret Elliot Dan Flinter Deirdre Forbes Liam Kavanagh Eoin O'Driscoll Terence O'Rourke Kevin O'Sullivan Denis Staunton
SECRETARY	Peter Callan
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.
BANKERS	Bank of Ireland, College Green, Dublin 2.
AUDITORS	Ernst & Young, Chartered Accountants, Ernst & Young Building, Harcourt Centre, Harcourt Street, Dublin 2.

DIRECTORS' REPORT
for the year ended 31 December 2013

The directors present herewith their annual report and audited consolidated financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITY, BUSINESS REVIEW AND LIKELY FUTURE DEVELOPMENTS
The principal activities of the group are digital and print publishing, the marketing and sale of newspapers, printing and other digital activities.

Group turnover excluding joint ventures increased by 3.6% to €84.4M in a challenging trading environment. Digital audiences and revenues continued to grow and contract printing revenue increased strongly due to the acquisition of new print contracts. Circulation revenue reduced by 5.0% during the year due to volume decline. Newspaper advertising revenue reduced by 4.3% while The Irish Times increased its overall market share of advertising. The overall increase in costs before exceptional items of 2.3% is primarily due to increases in newsprint and variable printing costs relating to the growth in contract printing revenues.

The Group operating profit, before exceptional items, was €2.7M compared to an operating profit of €1.7M in 2012. The cash inflow from operating activities was €0.8M compared to a cash inflow of €1.8M in 2012 which reflects the increase in net current assets. A gain on the dilution of our shareholding in Gazette Group Newspapers Limited and a past service credit on the pension schemes are the key factors in the exceptional credit of €2.0M. The exceptional items are analysed in Note 3 to the financial statements.

The deficit on the defined benefit pension schemes as calculated under Financial Reporting Standard No.17 "Retirement Benefits" reduced by €7.8M during the year. This was primarily due to a good investment performance from the scheme assets and the significant ongoing contributions paid to the schemes.

The Irish Times Limited has adopted a dual strategy of content development, alongside continuing organisational change. Good progress has been made in 2013 in content development, growing digital audience and revenues and growing contract printing revenues. The company will continue to develop its digital audience and revenues and reduce its cost base with the objective of maintaining its cash resources in a challenging trading environment. The Irish Times Limited is well placed to participate in the economic recovery and has no net debt.

DIRECTORS' REPORT
for the year ended 31 December 2013 (Continued)

PRINCIPAL RISKS AND UNCERTAINTIES

It is the policy of The Irish Times Limited to identify the key risks facing the group, to assess (with appropriate professional advice) the level of risk and to manage those risks so as to ensure the continuing publication of The Irish Times. The risk management process was established by the Board's audit committee. Key risks identified include:

- The deterioration in general economic conditions or in advertising markets leading to reductions in revenue.
- An interruption or failure of production or information systems resulting in the potential loss of a publication.
- Any unusually high changes in costs particularly newsprint and salary costs.
- Competitive changes in the marketplace and the ability to respond to those changes.
- Certain financial risks including risk of bad debts.
- The size of the defined benefit pension schemes relative to the size of the company and significant changes to investment returns, interest rates, inflation rates, mortality rates and regulatory changes that could affect funding requirements.

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2013

The consolidated profit and loss account for the year ended 31 December 2013 and the consolidated balance sheet at that date are set out on pages 10 and 12 respectively. The operating results for the year reflect the challenging operating environment.

IMPORTANT EVENTS SINCE YEAR END

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

BOOKS OF ACCOUNT

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990, 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.

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 year were Tom Arnold, Ruth Barrington, Brian Caulfield, John Fanning, Dan Flinter, Dee Forbes Eoin O'Driscoll and David Went. 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.

DIRECTORS' REPORT
for the year ended 31 December 2013 (Continued)

REMUNERATION AND NOMINATIONS COMMITTEE (Continued)
The schedule below provides the detail of each director's service during the year.

Director	*Position*	*Months in office*	*Remuneration*	*Fees*
Tom Arnold	Non-Executive & Chairman of The Irish Times Trust Limited	12	(Note 1)	Y
Brian Caulfield	Non-Executive	12	N	Y
Margaret Elliot	Non-Executive & Governor of The Irish Times Trust Limited	12	N	Y
John Fanning	Non-Executive	6	N	Y
Dan Flinter	Non-Executive Chairman	1	N	Y
Deirdre Forbes	Non-Executive	11	N	Y
Liam Kavanagh	Managing Director	12	Y	Y
Eoin O'Driscoll	Non-Executive & Governor of The Irish Times Trust Limited	12	N	Y
Terence O'Rourke	Non-Executive	8	N	Y
Kevin O'Sullivan	Editor	12	Y	Y
Gregory Sparks	Non-Executive	6	N	Y
Denis Staunton	Deputy Editor	12	Y	Y
David Went	Non-Executive Chairman	12	(Note 1)	Y

Note 1 The chairmen of The Irish Times Limited and The Irish Times Trust Limited each receive an annual salary for their respective positions. Dan Flinter joined the Board on 25 November 2013 and replaced David Went as Chairman of The Irish Times Limited from 1 January 2014.

The average number of directors who held office during the year was 10.6 (2012: 10.0).
The average number who received executive remuneration was 3.0 (2012: 3.0).

Directors' Fees: The basis for the payment of directors' fees in 2013 was as follows:

Chairman of The Irish Times Limited, Chairman of The Irish Times Trust Limited and executive directors – €9,347 per annum (2012: €9,347).

Non-executive directors – fees amounted to €17,500 (which includes a board fee of €9,500 per annum and €8,000 per annum for service on Board sub-committees).
The average fee per director in 2013 was €13,613 (2012: €13,546).

Remuneration: The schedule below provides an analysis of directors' remuneration (exclusive of fees) which is disclosed in Note 7 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 costs.

DIRECTORS' REPORT
for the year ended 31 December 2013 (Continued)

REMUNERATION AND NOMINATIONS COMMITTEE (Continued)

	Note	*2013* *€'000*	*2012* *€'000*
Salary		758	748
Performance related pay	(i)	–	–
Benefits-in-kind	(ii)	64	63
Subtotal		822	811
Pension cost		256	269
Total		1,078	1,080

(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 2013.

(ii) The benefit-in-kind arrangements for executive directors relate primarily to company cars. There are no loans to directors.

The annual salaries at 31 December 2013 for the continuing executive director positions and the non-executive chairmen were as follows:

	2013 *€'000*	*2012* *€'000*
Continuing Executive Directors		
Managing Director	270	270
Editor	240	240
Deputy Editor	150	150
Non-Executive Chairmen		
The Irish Times Limited	67	67
The Irish Times Trust Limited	31	31
Total	758	758

DIRECTORS' REPORT
for the year ended 31 December 2013 (Continued)

AUDIT COMMITTEE
The responsibilities of the committee, delegated to it by the Board, include underpinning the integrity of the financial reporting, ensuring the effectiveness of the internal control environment and ensuring adherence to good corporate governance.

The members of the committee during the year were Tom Arnold, Margaret Elliot, Terence O'Rourke, Greg Sparks and David Went.

DIRECTORS' RESPONSIBILITIES STATEMENT
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with Irish law and regulations.

Irish company law requires the directors to prepare financial statements giving a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

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

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- 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 keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2013. They are also responsible for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS
Ernst & Young, Chartered Accountants, will continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the directors

Dan Flinter
Director

Liam Kavanagh
Director

Date: 19th June 2014

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE IRISH TIMES LIMITED

We have audited the financial statements of The Irish Times Limited for the year ended 31 December 2013 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows and the related notes 1 to 31. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act, 1990. 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's profit for the year then ended; and

- have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2013.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE IRISH TIMES LIMITED (Continued)

Matters on which we are required to report by the Companies Acts 1963 to 2013

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

- In our opinion proper books of account have been kept by the parent company.

- The parent company balance sheet is in agreement with the books of account.

- In our opinion the information given in the directors' report is consistent with the financial statements.

- The net assets of the parent company, as stated in the parent company balance sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2013 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the parent company.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2013 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Breffni Maguire
for and on behalf of Ernst & Young

Dublin

20 June 2014

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2013

	Note	*2013* €	*2012* €
Turnover: Group and share of joint ventures' turnover		87,559,993	85,456,250
Less: Share of joint ventures' turnover		(3,205,245)	(4,001,817)
Group turnover – continuing operations	2	84,354,748	81,454,433
Cost of sales		(57,704,218)	(54,570,647)
Gross profit		26,650,530	26,883,786
Distribution costs		(11,627,509)	(11,826,799)
Administrative expenses		(12,296,906)	(13,398,772)
Total operating expenses excluding exceptional items		(23,924,415)	(25,225,571)
Group operating profit before exceptional items		2,726,115	1,658,215
Administrative exceptional items	3	1,975,997	491,442
Group operating profit after exceptional items		4,702,112	2,149,657
Share of operating profit of joint ventures		115,782	128,903
Share of operating loss of associates		(1,467)	(83,743)
Amortisation of goodwill on investment in associates		(123,460)	(123,460)
Total operating profit after group share of joint venture and associates		4,692,967	2,071,357
Profit on disposal of fixed assets		–	411,818
Profit on sale of business	12	289,864	–
Interest receivable and similar income	4	338,394	440,268
Interest payable and similar charges	5	(45,862)	(51,888)
Other finance income (expense)	6	94,000	(3,197,000)
Profit (loss) on ordinary activities before taxation	7	5,369,363	(325,445)
Tax on profit (loss) on ordinary activities	9	(575,994)	(454,528)
Profit (loss) for the financial year	10	4,793,369	(779,973)

Dan Flinter
Director

Liam Kavanagh
Director

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2013

	Note	*2013* €	*2012* €
Profit (loss) for the financial year attributable to the shareholders		4,793,369	(779,973)
Actuarial gain on defined benefit pension schemes	19	2,897,000	13,539,000
Deferred tax on defined benefit pension schemes		(1,110,000)	(2,163,000)
Current tax on defined benefit pension schemes	9	749,000	470,000
Total recognised gains and losses for the year		7,329,369	11,066,027

CONSOLIDATED BALANCE SHEET
at 31 December 2013

	Note	2013 €	2012 €
FIXED ASSETS			
Tangible assets	11	36,284,129	40,168,269
Financial assets	12		
Joint venture			
- Share of gross assets		1,610,513	2,736,464
- Share of gross liabilities		(1,529,041)	(2,660,774)
Associates		674,716	799,643
Other investments		8,856,310	8,793,027
		45,896,627	49,836,629
CURRENT ASSETS			
Stocks	13	968,862	474,426
Debtors	14	7,663,071	7,366,873
Cash at bank and in hand		11,882,982	11,174,700
		20,514,915	19,015,999
CREDITORS (amounts falling due within one year)	15	(15,220,442)	(16,647,988)
NET CURRENT ASSETS		5,294,473	2,368,011
TOTAL ASSETS LESS CURRENT LIABILITIES		51,191,100	52,204,640
CREDITORS (amounts falling due after more than one year)	16	(382,753)	(833,695)
PROVISIONS FOR LIABILITIES AND CHARGES	18	(375,123)	(492,090)
PENSION OBLIGATIONS	19	(20,596,000)	(28,371,000)
		29,837,224	22,507,855
CAPITAL AND RESERVES			
Share capital	20	625,138	625,138
Capital conversion reserve fund	21	9,871	9,871
Profit and loss account	21	29,202,215	21,872,846
Shareholders' funds	21	29,837,224	22,507,855

Dan Flinter
Director

Liam Kavanagh
Director

COMPANY BALANCE SHEET
at 31 December 2013

	Note	2013 €	2012 €
FIXED ASSETS			
Tangible assets	11	36,218,628	40,064,313
Financial assets	12	8,856,514	8,793,231
		45,075,142	48,857,544
CURRENT ASSETS			
Stocks	13	955,301	456,505
Debtors	14	17,840,696	17,762,026
Cash at bank and in hand		11,665,484	11,032,422
		30,461,481	29,250,953
CREDITORS (amounts falling due within one year)	15	(24,591,217)	(24,934,008)
NET CURRENT ASSETS		5,870,264	4,316,945
TOTAL ASSETS LESS CURRENT LIABILITIES		50,945,406	53,174,489
CREDITORS (amounts falling due after more than one year)	16	(332,128)	(473,748)
PROVISIONS FOR LIABILITIES AND CHARGES	18	(375,123)	(492,090)
PENSION OBLIGATIONS	19	(20,362,000)	(28,045,000)
		29,876,155	24,163,651
CAPITAL AND RESERVES			
Share capital	20	625,138	625,138
Capital conversion reserve fund	21	9,871	9,871
Profit and loss account	21	29,241,146	23,528,642
Shareholders' funds	21	29,876,155	24,163,651

Dan Flinter
Director

Liam Kavanagh
Director

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2013

	Note	2013 €	2012 €
Net cash inflow from operating activities	22	774,969	1,845,781
Returns on investments and servicing of finance			
Income from financial fixed assets received		95,139	5,660
Interest received		187,955	387,055
Interest paid		(16,384)	(45,612)
Interest element of finance lease payments		(29,478)	(6,276)
		237,232	340,827
Taxation			
Corporation taxation refund		32,376	34,154
Corporation taxation paid		(17,954)	–
		14,422	34,154
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(373,242)	(2,447,214)
Proceeds on disposal of tangible fixed assets		–	415,368
		(373,242)	(2,031,846)
Acquisitions and disposals			
Investment in joint venture		(150,000)	(100,000)
Repayment of loans from joint ventures		110,000	190,000
Net debt disposed of with subsidiary undertaking		691,050	–
Proceeds on disposal of business		296,733	–
		947,783	90,000
Net cash inflow before financing		1,601,164	278,916
Financing			
Capital element of finance lease repaid		(150,220)	(37,936)
New finance leases		–	651,021
Net cash inflow from financing		(150,220)	613,085
Increase in cash	23	1,450,944	892,001

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013

1. ACCOUNTING POLICIES

(a) *Basis of preparation*

The consolidated financial statements are prepared in accordance with applicable Irish law and Accounting Standards issued by the Financial Reporting Council and promulgated by The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

(b) *Basis of consolidation*

The consolidated financial statements include the financial statements of The Irish Times Limited and all its subsidiaries, joint venture and associate undertakings made up to the balance sheet date.

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 gross equity-accounted from the date on which the joint venture agreements are finalised.

The group's share of results of its associates, which are entities in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are equity-accounted from the date on which the investments are finalised.

(c) *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 balance sheet date. The resulting profits or losses are dealt with in the profit and loss account.

(d) *Turnover*

Turnover represents the invoiced value of goods and services, exclusive of value added tax, to third parties, after deduction of rebates and allowances.

(e) *Advertising and promotional expenditure*

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

(f) *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 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

1. ACCOUNTING POLICIES (Continued)

(f) *Taxation (continued)*

Timing differences are temporary differences between profits as computed for tax purposes and profits 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 in respect of net favourable timing differences, including taxation losses available for carry forward, are recognised only when it is considered more probable than not that there will be suitable taxable profits from which the future reversal of 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 balance sheet date. Deferred tax is not discounted.

(g) *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 based on its estimated useful economic life up to a presumed maximum of 10 years is charged against operating profit on a straight line basis.

The carrying values of intangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

(h) *Tangible fixed assets and depreciation*

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

Depreciation is provided at annual rates calculated to write off the cost or valuation, less estimated residual value, 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.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

1. ACCOUNTING POLICIES (Continued)

(i) *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 balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

(j) *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 are valued at cost less provisions for any impairment in value.

(k) *Stocks*

Stocks are valued at the lower of cost and net realisable value, on the first-in, first-out basis, cost being invoice price including duty and freight. Due provision is made to reduce any obsolete stock to its net realisable value. Net realisable value is the estimated selling price of stock on hand less all further costs to completion and all costs expected to be incurred in marketing, distribution and selling.

(l) *Pension*

The group operates a number of defined benefit and defined contribution pension schemes some of which are multi-employer pension schemes.

Defined benefit scheme assets are valued at fair value and liabilities are measured using the projected unit method. Net scheme assets and liabilities, reduced by deferred tax amounts, are shown on the balance sheet as a pension surplus or deficit as appropriate.

The profit and loss account charge consists of two elements: - the current and past service cost recorded in operating costs and the net of expected return on pension assets and the interest costs of the pension liabilities, recorded in other finance income.

Actuarial gains or losses are recognised through the consolidated statement of total recognised gains and losses.

Defined contribution scheme costs are charged to the profit and loss account in the accounting period in which they are incurred.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

1. ACCOUNTING POLICIES (Continued)

(*l*) *Pension (continued)*
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 profit and loss account.

2. SEGMENTAL INFORMATION

Turnover, loss before tax and net operating assets 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.

3. ADMINISTRATIVE EXCEPTIONAL ITEMS

	2013	*2012*
	€	€
Costs of re-organisation	176,860	371,558
Impairment of joint venture investment	150,000	100,000
Gain on dilution of shareholding	(1,345,857)	–
Pension - past service credit	(957,000)	(963,000)
Total credit	(1,975,997)	(491,442)

The costs of re-organisation comprise of redundancy costs. The tax effect of this for the year ended 31 December 2013 was a credit of €22,108 (2012: €46,445). None of the other exceptional items have a tax impact.

The gain on dilution of shareholding relates to the group's investment in Gazette Group Newspapers Limited, which as a result of the completion of an examinership process was reduced from 63.8% to less than 0.1%.

The past service credit is due to a reduction in members benefits to fund the pension levy.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013	*2012*
	€	€
Interest receivable	170,791	364,849
Income from financial fixed assets other than shares in group undertakings	167,603	75,419
	338,394	440,268

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2013 (Continued)

5. INTEREST PAYABLE AND SIMILAR CHARGES	*2013* €	*2012* €
Finance lease interest	29,478	6,276
Interest on bank loans and overdrafts repayable wholly within five years - not by instalments	16,384	45,612
	45,862	51,888

6. OTHER FINANCE EXPENSE	*2013* €	*2012* €
Expected return on pension scheme assets	9,139,000	8,411,000
Interest on pension scheme liabilities	(9,045,000)	(11,608,000)
Net gain (expense)	94,000	(3,197,000)

7. PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	*2013* €	*2012* €
The profit (loss) on ordinary activities before taxation is stated after charging (crediting):		
Directors' emoluments		
Details of directors' remuneration are included in the Directors' Report.		
Fees	144,629	135,457
Remuneration:		
Executive directors	723,693	713,290
Pension costs	256,200	269,146
Chairmens' salaries	97,942	97,942
	1,077,835	1,080,378
Pension paid to former director	11,776	11,776
Auditors' remuneration – Audit of group companies	92,000	92,000
– Other assurance services	31,000	31,000
– Tax advisory services	48,678	72,074
– Other non-audit services	–	–
Amortisation of goodwill – associates	123,460	123,460
Depreciation of tangible fixed assets	4,249,690	4,125,893
Operating lease rentals – plant and machinery	433,389	395,800
– other	1,741,794	1,790,861
Operating lease rental income – other	–	(8,250)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

8. STAFF NUMBERS AND COSTS

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

	2013 *Number*	*2012* *Number*
Printing, publishing and distribution	450	447

The aggregate payroll costs comprise:

	€	€
Wages and salaries	29,214,210	28,872,791
Social welfare costs	3,197,586	3,176,558
Pension and other related costs	2,309,907	1,746,134
	34,721,703	33,795,483

Pension and other related costs include the current service cost, past service costs and settlements and curtailments in respect of the defined benefit pension scheme, ex-gratia pension costs and professional fees incurred in managing the group pension schemes.

9. TAX ON PROFIT (LOSS) ON ORDINARY ACTIVITIES

	2013 €	*2012* €
(a) *Analysis of profit and loss account charge*		
Current tax:		
Tax credit on profit (loss) for the year	-	-
Over provision in respect of prior years	(173,006)	(15,472)
	(173,006)	(15,472)
Transfer from statement of total recognised gains and losses	749,000	470,000
Tax charge on profit (loss) on ordinary activities	575,994	454,528

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

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

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

The current tax charge for the 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:

	2013	*2012*
	€	€
Profit (loss) on ordinary activities	5,369,363	(325,445)
Profit (loss) on ordinary activities multiplied by the standard tax rate 12.5%	671,170	(40,681)
Effect of:		
Expenses not deductible and non-taxable income	7,423	23,455
Impairments disallowed	18,751	19,569
Non-chargeable gain	(168,232)	-
Other timing differences including differences between capital allowances and depreciation and movement in provisions	155,415	(65,680)
Higher tax on capital gains	25	72,742
Capital losses utilised	-	(123,300)
Losses arising in the year not relievable against current tax	47,369	560,666
Higher tax rates on investment income	17,079	36,485
Research and development tax credit	-	(13,256)
Over provision in respect of previous years	(173,006)	(15,472)
Current tax charge for the year	575,994	454,528

(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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

10. PROFIT FOR THE FINANCIAL YEAR

The company has availed of exemptions set out in section 148(8) of the Companies Act, 1963 and in section 7(1A) of the Companies (Amendment) Act, 1986 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 consolidated profit and loss account was €3,165,504 (2012: loss of €597,939).

The fees paid to the auditors in respect of the audit of the company individual accounts in 2013 was €82,000 (2012: €82,000). In addition the auditors received fees of €17,000 and €17,000 in respect of other assurance services, and €48,678 and €54,274 in respect of tax advisory services in 2013 and 2012 respectively. The auditors did not receive any fees for other non-audit services in either year. Note 7 provides additional information regarding auditors' remuneration at the consolidated level.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

11. TANGIBLE FIXED ASSETS

	Freehold and long leasehold land and premises	*Plant & machinery*	*Motor vehicles*	*Office equipment*	*Total*
GROUP	€	€	€	€	€
Cost					
At 31 December 2012	47,177,523	59,201,062	64,771	7,003,419	113,446,775
Additions during year	34,412	308,930	-	29,075	372,417
Disposals during year	-	(10,500)	(22,911)	(314,229)	(347,640)
At 31 December 2013	47,211,935	59,499,492	41,860	6,718,265	113,471,552
Depreciation					
At 31 December 2012	18,921,297	47,543,771	55,835	6,757,603	73,278,506
Charged during year	2,666,452	1,503,135	2,676	77,427	4,249,690
Disposals during year	-	(8,610)	(19,774)	(312,389)	(340,773)
At 31 December 2013	21,587,749	49,038,296	38,737	6,522,641	77,187,423
Net book value at					
At 31 December 2013	25,624,186	10,461,196	3,123	195,624	36,284,129
At 31 December 2012	28,256,226	11,657,291	8,936	245,816	40,168,269

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

	Freehold and long leasehold land and premises	*Plant & machinery*	*Motor vehicles*	*Office equipment*	*Total*
COMPANY	€	€	€	€	€
Cost					
At 31 December 2012	47,175,695	58,485,951	41,860	1,498,923	107,202,429
Additions during year	34,412	300,203	-	-	334,615
Disposals during year	-	(10,500)	-	-	(10,500)
At 31 December 2013	47,210,107	58,775,654	41,860	1,498,923	107,526,544
Depreciation					
At 31 December 2012	18,919,466	46,834,513	36,062	1,348,075	67,138,116
Charged during year	2,666,452	1,494,025	2,676	15,257	4,178,410
Disposals during year	-	(8,610)	-	-	(8,610)
At 31 December 2013	21,585,918	48,319,928	38,738	1,363,332	71,307,916
Net book value at					
At 31 December 2013	25,624,189	10,455,726	3,122	135,591	36,218,628
At 31 December 2012	28,256,229	11,651,438	5,798	150,848	40,064,313

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

11. TANGIBLE FIXED 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 €602,961 (2012: €646,868). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2013 amounted to €112,091 (2012: €25,210) and accumulated depreciation was €175,121 (2012: €106,937).

Capitalised leased assets – company
Included in the cost of plant and machinery is an amount of capitalised leased assets of €560,454 (2012: €560,454). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2013 amounted to €112,091 (2012: €20,523) and accumulated depreciation was €132,614 (2012: €20,523).

12. FINANCIAL FIXED ASSETS

	Group		*Company*	
	2013	*2012*	*2013*	*2012*
	€	€	€	€
Investment in subsidiary undertakings *(a)*	–	–	204	204
Investment in joint venture undertakings *(b)*	81,472	75,690	–	–
Investment in associates *(c)*	674,716	799,643	–	–
Other investments *(d)*	8,856,310	8,793,027	8,856,310	8,793,027
	9,612,498	9,668,360	8,856,514	8,793,231

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

12. FINANCIAL FIXED ASSETS (Continued)

(a) Investment in subsidiary undertakings - company

	Shares at cost €	*Total* €
At beginning and end of year	204	204

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

During the year the group disposed of a trade for €0.3 million.

Subsidiary undertakings at 31 December 2013:

Name	*Registered office*	*Proportion held by: company*	*subsidiary*	*Nature of business*
Itronics Limited	The Irish Times Building 24/28 Tara Street Dublin 2	100%	–	Electronic information and electronic publishing, training and related services
Irish Racing Services Limited	The Irish Times Building 24/28 Tara Street Dublin 2	–	100%	Non-trading
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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2013 (Continued)

12. FINANCIAL FIXED ASSETS (Continued)

Subsidiary undertakings at 31 December 2013 (continued):

Name	*Registered office*	*Proportion held by: company*	*subsidiary*	*Nature of business*
Amplify Marketing Limited	The Irish Times Building 24/28 Tara Street Dublin 2	–	100%	Digital marketing company

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

(b) *Investment in joint venture undertakings*

	€
GROUP	
Cost	
At 31 December 2012	75,690
Share of profits during year	115,782
Loans advanced to joint ventures	150,000
Loans repaid by joint ventures	(110,000)
Impairment of joint venture investment	(150,000)
At 31 December 2013	81,472

Investment in the joint ventures comprises of (i) The Irish Times Limited's share of the assets and liabilities of Fortunegreen Limited together with the associated goodwill, less amortisation to date, and provision for impairment, and (ii) D'Olier Investments Limited's share of the assets and liabilities of Sortridge Limited and Digital Media Brokers Limited.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

12. FINANCIAL FIXED ASSETS (Continued)

Joint ventures at 31 December 2013:

Name	*Registered office*	*Proportion held by: company*	*subsidiary*	*Nature of business*
Fortunegreen Limited	Embassy House Ballsbridge Dublin 4	33.33%	–	Newspaper publishing
Sortridge Limited	2 Tivoli Tce East Dun Laoghaire Co. Dublin	–	50%	Advertising sales representation
Digital Media Brokers Limited	Prospect House 2-3 Prospect Road Glasnevin Dublin 9	–	50%	Digital sales representation

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

(c) *Investment in associates*

	€
GROUP	
Cost	
At 31 December 2012	799,643
Share of losses during year	(1,467)
Goodwill amortisation	(123,460)
At 31 December 2013	674,716

Investment in associates comprises of The Irish Times Limited's share of the assets and liabilities of Entertainment Media Networks Limited together with the associated goodwill, less amortisation to date, that arose on the investments.

Name	*Registered office*	*Proportion held by company*	*Nature of business*
Entertainment Media Networks Limited	26 Great Strand Street Dublin 1	31.70%	Online entertainment publishing

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

12. FINANCIAL FIXED ASSETS (Continued)

(d) *Other investments*

	Group		*Company*	
	2013	*2012*	*2013*	*2012*
	€	*€*	*€*	*€*
Listed investments	1,736,644	1,737,914	1,736,644	1,737,914
Unlisted investments	7,119,666	7,055,113	7,119,666	7,055,113
	8,856,310	8,793,027	8,856,310	8,793,027

Listed investments consist of shares of quoted companies on recognised stock exchanges. The market value of the holdings at 31 December 2013 was €2,779,434 (2012: €2,008,146). The classification between listed and unlisted investments in the comparative column has been amended in the current year to ensure consistent presentation with the current year classification.

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

Movements:	*Group*	*Company*
	€	*€*
At 31 December 2012	8,793,027	8,793,027
Disposals	(1,270)	(1,270)
Income	64,553	64,553
At 31 December 2013	8,856,310	8,856,310

13. STOCKS

	Group		*Company*	
	2013	*2012*	*2013*	*2012*
	€	*€*	*€*	*€*
Newsprint and materials	968,862	474,426	955,301	456,505

The replacement cost of the above categories of stock does not differ materially from their stated balance sheet values.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

14. DEBTORS

	Group		Company	
	2013	*2012*	*2013*	*2012*
	€	*€*	*€*	*€*
Trade debtors	5,562,803	5,217,641	4,629,130	4,410,433
Amounts due from joint venture	686,676	640,290	686,676	640,290
Amounts due from group companies	–	–	11,267,728	11,267,685
Other debtors	71,239	416,845	53,605	401,218
Corporation tax recoverable	15,440	15,140	–	–
Prepayments and accrued income	1,326,913	1,076,957	1,203,557	1,042,400
	7,663,071	7,366,873	17,840,696	17,762,026

15. CREDITORS (amounts falling due within one year)

	Group		Company	
	2013	*2012*	*2013*	*2012*
	€	*€*	*€*	*€*
Trade creditors	3,974,003	4,011,293	3,847,017	3,757,615
Tax and social welfare *(a)*	2,481,313	2,644,173	2,419,854	2,544,539
Accruals and deferred income	8,615,316	9,006,340	8,215,675	8,432,030
Amounts due to joint venture	5,265	41,727	5,265	41,727
Amounts due to associates	2,927	52,453	2,927	52,453
Amounts owed to group companies	–	–	9,958,861	9,958,861
Finance lease obligations *(note 25(a))*	141,618	149,340	141,618	146,783
Bank loan	–	500,000	–	–
Bank overdraft	–	242,662	–	–
	15,220,442	16,647,988	24,591,217	24,934,008

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

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

(a) *Tax and social welfare comprises:*

	Group		*Company*	
	2013	*2012*	*2013*	*2012*
	€	€	€	€
Value added tax	1,373,689	1,380,297	1,327,504	1,318,602
Employment taxes	1,105,650	1,103,616	1,090,376	1,065,676
Corporation tax	1,974	160,260	1,974	160,261
	2,481,313	2,644,173	2,419,854	2,544,539

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

	Group		*Company*	
	2013	*2012*	*2013*	*2012*
	€	€	€	€
Other creditors	50,625	359,069	–	–
Finance lease obligations (note 25(a))	332,128	474,626	332,128	473,748
	382,753	833,695	332,128	473,748

17. 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.

18. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP and COMPANY

	Restructuring (i)	*Ex-Gratia pensions (ii)*	*Total*
	€	€	€
At 31 December 2012	102,639	389,451	492,090
Provided during year	176,860	–	176,860
Utilised during year	(249,304)	(44,523)	(293,827)
At 31 December 2013	30,195	344,928	375,123

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

18. PROVISIONS FOR LIABILITIES AND CHARGES (Continued)

(i) *Restructuring*
The provision relates primarily to redundancy costs.

(ii) *Ex-Gratia Pensions*
This provision relates to future payments to certain former employees of The Irish Times Limited. The provision includes an amount of €122,363 (2012: €126,380), which relates to a former director of the company.

(iii) *Deferred taxation*
An unrecognised deferred tax asset of €2.2M (2012: €1.9M) in respect of losses forward has not been recognised at 31 December 2013 as uncertainty exists regarding the utilisation of these losses.

19. PENSION OBLIGATIONS

The company operates two defined benefit pension schemes. One of the pension schemes is specific to the company, while the other scheme is a multi-employer pension scheme, which is operated in conjunction with a subsidiary undertaking. The schemes are funded by the payment of contributions to separately administered trust funds.

For funding purposes the contributions are based on the advice of an independent professionally qualified actuary obtained at three yearly intervals. The latest full actuarial valuations of the plans were at 1 January 2013 and used the attained age method.

The actuarial reports are not available for public inspection but all relevant information is supplied to members of the plans.

The assumptions used for the purpose of FRS 17 are based on the valuation by the schemes' actuary at 1 January 2013 updated at the balance sheet date. The valuation of liabilities has been performed using the projected unit method.

The financial assumptions used to calculate schemes liabilities at 31 December are:

GROUP

The main assumptions used by the actuary were:

	31/12/2013	*31/12/2012*
Rate of increase in pensionable salaries	2.00% p.a. until 2019 3.00% p.a. thereafter	2.00% p.a. for 7 years 3.00% p.a. thereafter
Rate of increase in pension payments	0.00%	0.00%
Discount rate on scheme liabilities	3.75%	3.80%
Expected return on scheme assets	4.81%	4.56%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

19. PENSION OBLIGATIONS (Continued)

Post-retirement mortality:
The number of members in the scheme and the number of deaths have been too small to analyse and produce any meaningful scheme-specific estimates of future levels of mortality. Accordingly standard tables have been used as follows:

Current pensioners at 65	108% PNMLOO with CSO improvements from 2006 Age reduction -1
Future pensioners at 65	108% PNMLOO with CSO improvements from 2006 Age reduction -1

The expected long term rates of return on the scheme assets were as follows:

	31/12/2013	*31/12/2012*
Equities	7.00%	6.80%
Bonds	4.58%	2.80%
Property	6.00%	5.80%
Other	4.02%	4.80%

The net pension liability is analysed as follows:

	At 31 December 2013 €'000	*% of scheme assets*	*At 31 December 2012 €'000*	*% of scheme assets*
Scheme assets at fair value:				
Equities	78,429	35.9%	96,627	46.8%
Bonds	84,479	38.7%	73,251	35.5%
Property	8,351	3.8%	10,230	5.0%
Other	47,062	21.6%	26,140	12.7%
Fair value of scheme assets	218,321		206,248	
Present value of scheme liabilities	(241,860)		(238,672)	
Defined benefit pension scheme deficit	(23,539)		(32,424)	
Related deferred tax asset	2,943		4,053	
Net pension liability	(20,596)		(28,371)	

The pension plan has not invested in any of the company's own financial instruments nor in properties or other assets used by the company.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

19. PENSION OBLIGATIONS (Continued)

The amounts recognised in the Profit and Loss Account and in the Statement of Total Recognised Gains and Losses for the year are analysed as follows:

Recognised in the Profit and Loss Account:

	2013 *€'000*	*2012* *€'000*
Current service cost	(2,408)	(2,141)
Past service credit (note 3)	957	963
Recognised in arriving at operating loss	(1,451)	(1,178)
Expected return on pension scheme assets	9,139	8,411
Interest on pension scheme liabilities	(9,045)	(11,608)
Other finance expense	94	(3,197)
Total recognised in the profit and loss account	(1,357)	(4,375)

Taken to the Statement of Total Recognised Gains and Losses:	*2013* *€'000*	*2012* *€'000*
Actual return less expected return on scheme assets	3,050	13,867
Experience losses on schemes' liabilities	(153)	(328)
Actuarial gain recognised in Statement of Total Recognised Gains and Losses	2,897	13,539
Cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses	(6,770)	(9,667)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

19. PENSION OBLIGATIONS (Continued)

Changes in the present value of the defined benefit obligations are analysed as follows:

	2013 *€'000*	*2012* *€'000*
At beginning of year	238,672	232,647
Current service cost	2,408	2,141
Interest cost	9,045	11,608
Benefits paid	(9,296)	(8,977)
Actuarial loss	153	328
Past service cost amendment	(957)	(963)
Members contributions	2,025	2,076
Premiums paid	(190)	(188)
At end of year	241,860	238,672

Changes in the fair value of plan assets are analysed as follows:

	2013 *€'000*	*2012* *€'000*
At beginning of year	206,248	182,925
Expected return on plan assets	9,139	8,411
Employer contribution	7,345	8,134
Benefits paid	(9,296)	(8,977)
Actuarial gain	3,050	13,867
Members contributions	2,025	2,076
Premiums paid	(190)	(188)
	218,321	206,248

The company expects to pay pension scheme contributions of €7,121,000 in 2014.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

19. PENSION OBLIGATIONS (Continued)

Changes in the fair value of plan assets are analysed as follows:

	2013 *€'000*	*2012* *€'000*	*2011* *€'000*	*2010* *€'000*	*2009* *€'000*
Fair value of scheme assets	218,321	206,248	182,925	179,109	156,973
Present value of defined benefit obligations	(241,860)	(238,672)	(232,647)	(211,295)	(201,982)
	(23,539)	(32,424)	(49,722)	(32,186)	(45,009)
Experience adjustments arising on plan liabilities	(153)	(328)	(15,332)	(5,866)	6,738
Experience adjustments arising on plan assets	3,050	13,867	(8,759)	9,989	16,924

COMPANY

The expected long term rates of return on the scheme assets were as follows:

	31/12/2013	*31/12/2012*
Equities	7.00%	6.80%
Bonds	4.58%	2.80%
Property	6.00%	5.80%
Other	4.02%	4.80%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

19. PENSION OBLIGATIONS (Continued)

The net pension liability is analysed as follows:

	At 31 December 2013 €'000	*% of scheme assets*	*At 31 December 2012 €'000*	*% of scheme assets*
Scheme assets at fair value:				
Equities	77,555	35.9%	95,799	46.8%
Bonds	83,911	38.8%	72,714	35.5%
Property	8,258	3.8%	10,147	5.0%
Other	46,574	21.5%	25,907	12.7%
Fair value of scheme assets	216,298		204,567	
Present value of scheme liabilities	(239,570)		(236,618)	
Defined benefit pension scheme deficit	(23,272)		(32,051)	
Related deferred tax asset	2,910		4,006	
Net pension liability	(20,362)		(28,045)	

The pension plan has not invested in any of the company's own financial instruments nor in properties or other assets used by the company.

Changes in the present value of the defined benefit obligations are analysed as follows:

	2013 €'000	*2012 €'000*
At beginning of year	236,618	230,675
Current service cost	2,396	2,121
Interest cost	8,966	11,510
Benefits paid	(9,280)	(8,907)
Actuarial loss	10	304
Past service cost amendment	(946)	(953)
Members contributions	1,994	2,055
Premiums paid	(188)	(187)
At end of year	239,570	236,618

NOTES FORMING PART OF THE CONSOLIDATED FINNCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

19. PENSION OBLIGATIONS (Continued)

Changes in the fair value of plan assets are analysed as follows:

	2013	*2012*
	€'000	*€'000*
At beginning of year	204,567	181,446
Expected return on plan assets	9,060	8,342
Employer contribution	7,240	8,065
Benefits paid	(9,280)	(8,907)
Actuarial gain	2,905	13,753
Members contributions	1,994	2,055
Premiums paid	(188)	(187)
	216,298	204,567

Changes in the fair value of plan assets are analysed as follows:

	2013	*2012*	*2011*	*2010*	*2009*
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
Fair value of scheme assets	216,298	204,567	181,446	177,712	155,787
Present value of defined benefit obligations	(239,570)	(236,618)	(230,675)	(209,615)	(200,484)
	(23,272)	(32,051)	(49,229)	(31,903)	(44,697)
Experience adjustments arising on plan liabilities	(10)	(304)	(15,125)	(5,711)	6,700
Experience adjustments arising on plan assets	2,905	13,753	(8,730)	9,876	14,888

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

20. SHARE CAPITAL

	2013 €	2012 €
GROUP AND COMPANY		
Authorised, allotted, called up and fully paid:		
500,000 ordinary shares of €1.25 each	625,000	625,000
110 preference shares of €1.25 each	138	138
	625,138	625,138

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.

21. RECONCILIATION OF SHAREHOLDERS' FUNDS

GROUP

	Share capital €	*Capital conversion reserve fund* €	*Profit and loss account* €	*Total* €
At beginning of year	625,138	9,871	21,872,846	22,507,855
Profit for financial year	–	–	4,793,369	4,793,369
Net actuarial gain on defined benefit pension scheme	–	–	1,787,000	1,787,000
Current tax on defined benefit pension scheme	–	–	749,000	749,000
At end of Year	625,138	9,871	29,202,215	29,837,224

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

21. RECONCILIATION OF SHAREHOLDERS' FUNDS (Continued)

COMPANY

	Share capital €	*Capital conversion reserve fund* €	*Profit and loss account* €	*Total* €
At beginning of year	625,138	9,871	23,528,642	24,163,651
Profit for financial year	-	-	3,165,504	3,165,504
Net actuarial gain on defined benefit pension scheme	-	-	1,798,000	1,798,000
Current tax on defined benefit pension scheme	-	-	749,000	749,000
At end of year	625,138	9,871	29,241,146	29,876,155

22. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOW

	2013 €	*2012* €
Operating profit	4,702,112	2,149,657
Investment (gain) impairment	(1,195,857)	100,000
Depreciation of tangible fixed assets	4,249,690	4,125,893
(Increase) decrease in stocks	(494,436)	637,209
Increase in debtors	(470,886)	(172,808)
(Decrease) increase in creditors	(4,687)	2,434,310
Decrease in operating provisions and pension balances	(6,010,967)	(7,428,480)
Net cash inflow from operating activities	774,969	1,845,781

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

23. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	*2013* €	*2012* €
Increase in cash	708,282	913,415
Decrease (increase) in overdraft	242,662	(21,414)
Decrease in debt	500,000	-
	1,450,944	892,001
Capital element of finance lease repaid	150,220	37,936
New finance lease	-	(651,021)
Movement in net funds in the year	1,601,164	278,916
Net funds at beginning of year	9,808,072	9,529,156
Net funds at end of year	11,409,236	9,808,072

24. ANALYSIS OF CHANGES IN NET FUNDS

	At 31 December 2012 €	*Cash flow* €	*At 31 December 2013* €
Cash	11,174,700	708,282	11,882,982
Bank overdraft	(242,662)	242,662	-
Bank loan	(500,000)	500,000	-
Finance leases	(623,966)	150,220	(473,746)
	9,808,072	1,601,164	11,409,236

25. COMMITMENTS

(a) *Finance leases – Group*

	2013 €	*2012* €
Finance lease obligations, net of interest, are due as follows:		
Within one year	141,618	149,340
After one but within five years	332,128	474,626
	473,746	623,966

25. COMMITMENTS (continued)

Finance leases – Company

	2013	*2012*
	€	€
Finance lease obligations, net of interest, are due as follows:		
Within one year	141,618	146,783
After one but within 5 years	332,128	473,748
	473,746	620,531

In addition the company has commitments to pay €163,277 in relation to support and maintenance costs between 2014 and 2017.

(b) *Operating leases*

The group has operating lease commitments payable in the next twelve months of €2,068,810 (2012: €2,113,403), which expire as follows:

GROUP	*Land and buildings*	*Other*	*Total*
	€	€	€
Within one year	–	95,078	95,078
Between one and five years	18,280	255,452	273,732
After five years	1,700,000	–	1,700,000
	1,718,280	350,530	2,068,810

COMPANY	*Land and buildings*	*Other*	*Total*
	€	€	€
Within one year	–	95,078	95,078
Between one and five years	–	249,549	249,549
After five years	1,700,000	–	1,700,000
	1,700,000	344,627	2,044,627

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

26. CONTINGENT LIABILITIES

There were no material contingent liabilities affecting the group or the company at 31 December 2013.

27. GUARANTEES

Pursuant to the provisions of Section 17, Companies (Amendment) Act, 1986, the Company guarantees the liabilities of the following subsidiaries for the financial year ended 31 December 2013 and, as a result, those subsidiaries will be exempted from the filing provisions of Section 7, Companies (Amendment) Act, 1986:

Itronics Limited
Sharmal Limited
MyHome Limited
D'Olier investments Limited
Irish Racing Services Limited
DigitalworX Limited
Amplify Marketing Limited

28. GROUP RELATIONSHIPS AND CONTROLLING PARTIES

The company is a wholly owned subsidiary of The Irish Times Holdings, 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 Limited, a company incorporated in the Republic of Ireland. The ultimate controlling party is The Irish Times Trust Limited. The consolidated financial statements of The Irish Times Trust Limited are filed in the Companies Registration Office, Parnell House, Parnell Square, Dublin 1.

29. RELATED PARTY TRANSACTIONS

The company has availed of the exemption provided in FRS 8 "Related Party Transactions" 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 FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013 (Continued)

29. RELATED PARTY TRANSACTIONS (continued)

During the year the group entered into transactions in the ordinary course of business with other related parties. Transactions entered into, and trading balances outstanding at 31 December 2013, are as follows:

	Sales To related Party	*Purchases From related Party*	*Amounts owed to related party*	*Amounts owed by related party*
	€	€	€	€
Fortunegreen Limited	489,631	20,328	2,212	84,583
Gloss Publications Limited	12,120	19,170	9,779	–
Entertainment Media Networks Limited	36,465	7,296	2,927	–
Sortridge Limited	1,467,280	66,004	3,053	602,093
Digital Media Brokers Limited	1,327	4,000	–	–

30. SUBSEQUENT EVENTS

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

31. 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 2013 on 19th June 2014.