# The Irish Times Designated Activity Company

Directors' report and consolidated financial statements for the financial year ended 31 December 2017

# DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
**for the financial year ended 31 December 2017**

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## COMPANY INFORMATION

| | |
|---|---|
| DIRECTORS | Tom Arnold *(resigned 20 February 2018)*<br>Brian Caulfield<br>Clare Duignan<br>Margaret Elliott *(resigned 20 February 2018)*<br>Dan Flinter<br>John Hegarty *(appointed 20 February 2018)*<br>Liam Kavanagh<br>Peter McLoone *(appointed 12 December 2017)*<br>Caitriona Murphy *(appointed 21 February 2017)*<br>Rhona Murphy<br>Eoin O'Driscoll (*resigned 21 February 2017*)<br>Paul O'Neill<br>Terence O'Rourke<br>Kevin O'Sullivan *(resigned 6 April 2017)*<br>Deirdre Veldon *(appointed 26 April 2017)* |
| SECRETARY | Derek Wilson |
| REGISTERED OFFICE | The Irish Times Building,<br>24/28 Tara Street,<br>Dublin 2. |
| REGISTERED NUMBER OF INCORPORATION | 2514 |
| SOLICITORS | William Fry,<br>Fitzwilton House,<br>Wilton Place,<br>Dublin 2.<br><br>Hayes,<br>Lavery House,<br>Earlsfort Terrace,<br>Dublin 2. |
| BANKERS | Bank of Ireland,<br>College Green,<br>Dublin 2. |
| AUDITORS | Ernst & Young,<br>Chartered Accountants,<br>Ernst & Young Building,<br>Harcourt Centre,<br>Harcourt Street,<br>Dublin 2. |

## DIRECTORS' REPORT
**for the financial year ended 31 December 2017**

The directors present herewith their annual report and audited consolidated financial statements for the financial year ended 31 December 2017.

*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 subscriptions and newspapers, printing and other digital activities.

The group performed well in 2017 with continued development of the digital revenue base and the implementation of cost saving initiatives during the year. Revenues from consumer content grew by 1.6% with advertising revenue falling by 11.9%. Digital revenue showed further growth of 8.7% (2016: 12.1%) with subscriber numbers of 68,078 at year end.

The operating profit of the group for the year before exceptional items was €2.48m compared to an operating profit of €1.02m in 2016. Group turnover decreased by 5.0% to €77.94m. Cost of sales fell by €3.50m (5.8%) with Distribution and Administrative costs reduced by a combined €2.07m (10.2%). Our Citywest contract print facility continues to make a net cash contribution to the group and further investment in equipment has taken place during the year. Professional fees associated with the Landmark acquisition of €0.7m is the key factor in the net exceptional item of €0.8m. The exceptional items are analysed in note 4 to the financial statements.

The group finished the year with net cash of €11.54m (2016: €9.03m). During the year a further €1.95m was paid as part of a past €11m commitment to enhance pension transfer values. The remaining cash liability to the enhancement is €3.94m. The Irish Times continues to generate strong cash; during 2017 operating profit before depreciation charges and exceptional items amounted to €6.23m (2016: €5.11m).

The Company strategy is continually focused on sustainable profitability with investment in compelling and distinctive journalism from The Irish Times. Organisational changes are continuing to enable the company to adapt to the changing market for news media consumption and to facilitate audience and revenue growth.

*PRINCIPAL RISKS AND UNCERTAINTIES*

The Irish Times operates an ongoing process to identify, evaluate and manage the key risks facing the Company 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 include:

- The Irish Times 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**
**31 December 2017 (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 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 2017*
The Group statement of comprehensive income for the year ended 31 December 2017 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 but improved operating environment.

*IMPORTANT EVENTS SINCE FINANCIAL YEAR END*
In December 2017 the Company entered into a share purchase agreement whereby the Company will acquire all of the publishing and media interests of the Landmark Media Group. The acquisition was cleared by the Broadcasting Authority of Ireland on 29 March 2018 and by the Competition and Consumer Protection Commission on 24 April 2018. A separate notification to the Minister for Communications, Climate Action and Environment for approval has now been made and the Minister has an initial 40 day period in which to make a decision. Although this timeline can be extended it is expected that a decision will be made during the course of 2018. The acquisition presents the group with opportunities for consolidation, securing existing revenues and a platform to build and grow new digital readers and revenues.

*POLITICAL DONATION*
The company did not make any political donations during the current year or prior year.

*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.

**DIRECTORS' REPORT**
**31 December 2017 (Continued)**

*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 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 Tom Arnold, Margaret Elliott, Terence O'Rourke and Dan Flinter.

*DIRECTORS*

The directors who served during the year are as listed on page 2 and unless otherwise indicated, served throughout the year and up to the date of approval of the financial statements.

*DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES*

Neither the directors nor the company secretary have any interests in the company or other group companies requiring disclosure.

*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 Tom Arnold, 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.

**DIRECTORS' REPORT**
**31 December 2017 (Continued)**

*REMUNERATION AND NOMINATIONS COMMITTEE (Continued)*

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

| *Director* | *Position* | *Months in office* | *Remuneration* | *Fees* |
|---|---|---|---|---|
| Tom Arnold | Non-Executive & Chairman of The Irish Times Trust Company Limited by Guarantee | 12 | (Note 1) | Y |
| 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 | 12 | 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 | 1 | N | Y |
| Catriona Murphy | Non-Executive & Governor of The Irish Times Trust Company Limited by Guarantee | 11 | N | Y |
| Rhona Murphy | Non-Executive | 12 | N | Y |
| Eoin O'Driscoll | Non-Executive & Governor of The Irish Times Trust Company Limited by Guarantee | 2 | N | Y |
| Paul O'Neill | Editor | 12 | Y | Y |
| Terence O'Rourke | Non-Executive | 12 | N | Y |
| Kevin O'Sullivan | Editor | 4 | Y | Y |
| Deirdre Veldon | Deputy Editor | 8 | 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 Catriona Murphy was appointed a director on 21 February 2017.
Note 3 Kevin O'Sullivan resigned as a director on 6 April 2017.
Note 4 Deirdre Veldon was appointed a director on 26 April 2017.
Note 5 Peter McLoone was appointed a director on 12 December 2017.
Note 6 John Hegarty was appointed a director on 20 February 2018.
Note 6 Tom Arnold and Margaret Elliott resigned as directors on 20 February 2018.

The average number of directors who held office during the financial year was 11 (2016:10).
The average number who received executive remuneration was 3 (2016: 3).

**DIRECTORS' REPORT**
**31 December 2017 (Continued)**

*REMUNERATION AND NOMINATIONS COMMITTEE (Continued)*

*Directors' Fees:* The basis for the payment of directors' fees in 2017 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 (2016: €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 2017 was €13,834 (2016: €13,453).

*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 and related emoluments.

| | *Note* | *2017 €'000* | *2016 €'000* |
|---|---|---|---|
| Salary | (i) | 765 | 782 |
| Benefits-in-kind | (ii) | 80 | 110 |
| Subtotal | | 845 | 892 |
| Pension and related emoluments | (iii) | 268 | 295 |
| Total | | 1,113 | 1,187 |

(i) Included in salary costs is €668 paid to each executive director as part of the company-wide profit share scheme.

(ii) The benefit-in-kind arrangements for executive directors relate primarily to company cars and car allowances. 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.

**DIRECTORS' REPORT**
**31 December 2017 (Continued)**

*REMUNERATION AND NOMINATIONS COMMITTEE (Continued)*
The annual salaries at 31 December 2017 for the continuing executive director positions and the non-executive chairmen were as follows:

| | 2017 €'000 | 2016 €'000 |
|---|---|---|
| *Continuing Executive Directors* | | |
| Managing Director | 270 | 270 |
| Editor | 240 | 240 |
| Deputy Editor | 150 | 173 |
| *Non-Executive Chairmen* | | |
| The Irish Times Designated Activity Company | 67 | 67 |
| The Irish Times Trust Company Limited by Guarantee | 31 | 31 |
| Total | 758 | 781 |

*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.

*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 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.

**DIRECTORS' REPORT**
**for the financial year ended 31 December 2017 (Continued)**

*DIRECTORS' RESPONSIBILITIES STATEMENT (Continued)*
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.

*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: 10 May 2018

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

**Opinion**

We have audited the financial statements of The Irish Times Designated Activity Company ('the Company') and its subsidiaries ('the Group') for the financial year ended 31 December 2017, which comprise the Group and Company Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group and 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 2017 and of its profit 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 2017 for the year then ended;
- the Group and Company financial statements have been properly prepared in accordance with FRS 102; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act.

**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.

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## INDEPENDENT AUDITOR'S 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.

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# INDEPENDENT AUDITOR'S 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 page 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,

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

Dublin

Date: 10 May 2018

## GROUP STATEMENT OF COMPREHENSIVE INCOME
**for the financial year ended 31 December 2017**

| | Note | 2017<br>€ | 2016<br>€ |
|---|---|---|---|
| Turnover – continuing operations | 3 | 77,940,952 | 82,056,762 |
| Cost of sales | | (57,175,032) | (60,679,833) |
| Gross profit | | 20,765,920 | 21,376,929 |
| Distribution costs | | (7,925,943) | (9,665,134) |
| Administrative expenses | | (10,355,512) | (10,689,774) |
| Total operating expenses excluding exceptional items | | (18,281,455) | (20,354,908) |
| Group operating profit before exceptional items | | 2,484,465 | 1,022,021 |
| Administrative exceptional items | 4 | (802,102) | (1,555,375) |
| Group operating profit / (loss) after exceptional items | | 1,682,363 | (533,354) |
| Share of results of joint ventures | | - | 7,598 |
| Share of results of associates | | - | (140,329) |
| Total operating profit / (loss) | | 1,682,363 | (666,085) |
| Gain / (loss) on financial assets at fair value through profit and loss | | 456,243 | (386,596) |
| Interest receivable and similar income | 5 | 95,128 | 96,599 |
| Interest payable and similar charges | 6 | (205,081) | (293,491) |
| Profit (loss) before taxation | 7 | 2,028,653 | (1,249,573) |
| Tax on Profit | 9 | (21,810) | - |
| Profit / (loss) for the financial year attributable to owners of the parent company | 10 | 2,006,843 | (1,249,573) |
| Other comprehensive income | | - | - |
| Total comprehensive income / (loss) for the year attributable to owner of the parent company | | 2,006,843 | (1,249,573) |

## COMPANY STATEMENT OF COMPREHENSIVE INCOME
**for the financial year ended 31 December 2017**

| | Note | 2017<br>€ | 2016<br>€ |
|---|---|---|---|
| Profit / (loss) for the financial year | | 2,358,388 | (2,137,443) |
| Other comprehensive income | | – | – |
| Total comprehensive income / (loss) for the year | | 2,358,388 | (2,137,443) |

## GROUP STATEMENT OF FINANCIAL POSITION
**for the financial year ended 31 December 2017**

| | Note | 2017<br>€ | 2016<br>€ |
|---|---|---|---|
| FIXED ASSETS | | | |
| Tangible assets | 11 | 22,055,980 | 24,462,472 |
| Financial assets: | 12 | | |
| Investment in joint venture | | - | 100,000 |
| Investment in associates | | - | - |
| Other investments | | 13,390,822 | 12,856,616 |
| | | 35,446,802 | 37,419,088 |
| CURRENT ASSETS | | | |
| Stocks | 13 | 460,604 | 526,035 |
| Debtors (amounts falling due within one year) | 14 | 6,361,054 | 8,360,631 |
| Cash at bank and in hand | | 11,537,341 | 9,032,730 |
| | | 18,358,999 | 17,919,396 |
| CREDITORS (amounts falling due within one year) | 15 | (14,106,212) | (14,940,372) |
| NET CURRENT ASSETS | | 4,252,787 | 2,979,024 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 39,699,589 | 40,398,112 |
| PROVISIONS FOR LIABILITIES | 17 | (3,753,807) | (6,459,173) |
| | | 35,945,782 | 33,938,939 |
| CAPITAL AND RESERVES | | | |
| Share capital | 19 | 625,138 | 625,138 |
| Capital conversion reserve fund | | 9,871 | 9,871 |
| Profit and loss account | | 35,310,773 | 33,303,930 |
| Shareholders' funds | | 35,945,782 | 33,938,939 |

The financial statements were approved and authorised for issue by the Board of Directors on 10 May 2018 and signed on its behalf by:

Dan Flinter
Director

Liam Kavanagh
Director

## COMPANY STATEMENT OF FINANCIAL POSITION
**for the financial year ended 31 December 2017**

| | Note | *2017* € | *2016* € |
|---|---|---|---|
| FIXED ASSETS | | | |
| Tangible assets | 11 | 22,025,612 | 24,424,130 |
| Financial assets: | 12 | | |
| Investment in subsidiary undertakings | | 404 | 204 |
| Other investments | | 13,390,822 | 12,856,616 |
| | | 35,416,838 | 37,280,950 |
| CURRENT ASSETS | | | |
| Stocks | 13 | 448,795 | 514,229 |
| Debtors (amounts falling due within one year) | 14 | 15,510,771 | 17,268,615 |
| Cash at bank and in hand | | 11,310,907 | 8,851,652 |
| | | 27,270,473 | 26,634,496 |
| CREDITORS (amounts falling due within one year) | 15 | (23,503,818) | (24,384,975) |
| NET CURRENT ASSETS | | 3,766,655 | 2,249,521 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 39,183,493 | 39,530,471 |
| PROVISIONS FOR LIABILITIES | 17 | (3,753,807) | (6,459,173) |
| | | 35,429,686 | 33,071,298 |
| CAPITAL AND RESERVES | | | |
| Share capital | 19 | 625,138 | 625,138 |
| Capital conversion reserve fund | | 9,871 | 9,871 |
| Profit and loss account | | 34,794,677 | 32,436,289 |
| Shareholders' funds | | 35,429,686 | 33,071,298 |

The financial statements were approved and authorised for issue by the Board of Directors on 10 May 2018 and signed on its behalf by:

Dan Flinter
Director

Liam Kavanagh
Director

## GROUP STATEMENT OF CHANGES IN EQUITY
**for the financial year ended 31 December 2017**

| | *Share capital* € | *Capital conversion reserve fund* € | *Profit and loss account* € | *Total* € |
|---|---|---|---|---|
| At 1 January 2016 | 625,138 | 9,871 | 34,553,503 | 35,188,512 |
| Loss for financial year | – | – | (1,249,573) | (1,249,573) |
| Other comprehensive income | – | – | – | – |
| Total comprehensive income attributable to owners for the year | – | – | (1,249,573) | (1,249,573) |
| At 31 December 2016 | 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 |

## COMPANY STATEMENT OF CHANGES IN EQUITY
**for the financial year ended 31 December 2017**

| | *Share capital* € | *Capital conversion reserve fund* € | *Profit and loss account* € | *Total* € |
|---|---|---|---|---|
| At 1 January 2016 | 625,138 | 9,871 | 34,573,732 | 35,208,741 |
| Loss for financial year | – | – | (2,137,443) | (2,137,443) |
| Other comprehensive income | – | – | – | – |
| Total comprehensive income attributable to owners for the year | – | – | (2,137,443) | (2,137,443) |
| At 31 December 2016 | 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 |

## GROUP STATEMENT OF CASH FLOWS
**for the financial year ended 31 December 2017**

| | Note | 2017<br>€ | 2016<br>€ |
|---|---|---|---|
| Net cash inflow from operating activities | 20 | 3,871,002 | 22,439 |
| *Cash flows from investing activities* | | | |
| Purchase of tangible fixed assets | | (1,342,921) | (121,282) |
| Interest received | | 3,602 | 20,473 |
| Income from financial fixed assets received | | 13,824 | 1,460 |
| Sale of (Investment in) associate | | 62,936 | (239,700) |
| Net cash inflows (outflows) from investing activities | | 2,608,443 | (316,610) |
| *Cash flows from financing activities* | | | |
| Capital element of finance lease repaid | | (100,546) | (109,711) |
| Interest paid | | (532) | (294) |
| Interest element of finance lease payment | | (2,754) | (9,405) |
| Net cash outflows from financing activities | | (103,832) | (119,410) |
| Net increase (decrease) in cash and cash equivalents | | 2,504,611 | (436,020) |
| Cash and cash equivalents at 1 January | | 9,032,730 | 9,468,750 |
| Cash and cash equivalents at 31 December | | 11,537,341 | 9,032,730 |

## NOTES TO THE FINANCIAL STATEMENTS
**31 December 2017**

1. ACCOUNTING POLICIES

(a) *Statement of compliance & 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 given on page 2. The nature of the Group's operations and its principal activities are set out in the directors' report on pages 3 to 9.

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

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, joint venture and associate undertakings ("together the Group") 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 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) 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 whose operating and financial policies the Group exercises a significant influence, are accounted for using the equity method.

1. ACCOUNTING POLICIES

(b) *Basis of consolidation (continued)*

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investments at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in statement of comprehensive income.

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.

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.

*(h) 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.

1. ACCOUNTING POLICIES (Continued)

(i) *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.

(j) *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.

(k) *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.

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.

**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2017 (Continued)**

1. ACCOUNTING POLICIES (Continued)

*(l)* *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.

*(m)* *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, 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.

*(n)* *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.

*(o)* *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.

*(p)* *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.

*(q)* *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 the management in assessing the particular items, which by virtue of their scale and nature, should be disclosed in the statement of comprehensive income and notes as exceptional items.

**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2017 (Continued)**

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).

(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.

**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2017 (Continued)**

## 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:

| | *2017* | *2016* |
|---|---|---|
| | € | € |
| Sale of goods | 51,548,860 | 56,075,424 |
| Rendering of services | 26,392,092 | 25,981,338 |
| | 77,940,952 | 82,056,762 |

## 4. ADMINISTRATIVE EXCEPTIONAL ITEMS

| | *2017* | *2016* |
|---|---|---|
| | € | € |
| Costs of re-organisation (note 17) | 88,934 | 1,352,470 |
| Impairment of joint venture investment (note 12(b)) | 100,000 | - |
| Impairment of associate investment | - | 202,905 |
| Gain on sale of associate investment | (62,936) | - |
| Professional fees in respect of Landmark acquisition | 676,104 | - |
| Total charge | 802,102 | 1,555,375 |

4. ADMINISTRATIVE EXCEPTIONAL ITEMS (Continued)

The costs of re-organisation comprise of redundancy costs. The tax effect of this for the financial year ended 31 December 2017 was a credit of €11,117 (2016: €169,059). 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 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.

Professional fees relate to the cost of independent advice from third party professional firms in relation to the acquisition of Landmark Media Investments Limited. The fees include all associated costs of due diligence.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

| | *2017* | *2016* |
|---|---|---|
| | € | € |
| Interest receivable | 3,341 | 9,656 |
| Income from financial fixed assets other than shares in Group undertakings | 91,787 | 86,943 |
| | 95,128 | 96,599 |

6. INTEREST PAYABLE AND SIMILAR CHARGES

| | *2017* | *2016* |
|---|---|---|
| | € | € |
| Finance lease interest | 2,754 | 9,405 |
| Interest on bank loans and overdrafts repayable wholly within five years - not by instalments | 532 | 292 |
| Unwinding of discount on pension settlement provision (note 17) | 201,795 | 283,794 |
| | 205,081 | 293,491 |

**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2017 (Continued)**

| | | | |
|---|---|---|---|
| 7. | PROFIT / (LOSS) BEFORE TAXATION | *2017* € | *2016* € |
| | The profit / (loss) before taxation is stated after charging: | | |
| | *Directors' emoluments* | | |
| | Details of directors' remuneration are included in the Directors' Report. | | |
| | Fees | 152,174 | 134,531 |
| | Remuneration: | | |
| | Executive directors | 747,600 | 793,637 |
| | Pension and related emoluments | 267,837 | 295,194 |
| | Chairmens' salaries | 97,942 | 97,942 |
| | | 1,113,379 | 1,186,773 |
| | Pension paid to former director | - | 3,598 |
| | Auditors' remuneration – Audit of Group accounts | 82,000 | 82,000 |
| | – Other assurance services | 28,000 | 28,000 |
| | – Tax advisory services | 54,570 | 41,275 |
| | – Other non-audit services | - | - |
| | Amortisation of goodwill – associates | - | - |
| | Depreciation of tangible fixed assets | 3,749,100 | 4,091,475 |
| | Operating lease rentals – plant and machinery | 377,997 | 369,612 |
| | – land and buildings | 1,232,629 | 1,569,712 |

**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2017 (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:

| | *2017* *Number* | *2016* *Number* |
|---|---|---|
| Printing, publishing, distribution and administration | 437 | 455 |

The aggregate payroll costs comprise:

| | € | € |
|---|---|---|
| Wages and salaries | 29,834,706 | 30,400,062 |
| Social welfare costs | 3,295,546 | 3,361,144 |
| Other retirement benefit costs | 3,928,309 | 3,801,563 |
| | 37,058,561 | 37,562,769 |

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 €3,449,320 (2016: €3,256,341).

*COMPANY*

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

| | *2017* *Number* | *2016* *Number* |
|---|---|---|
| Printing, publishing, distribution and administration | 420 | 437 |

| The aggregate payroll costs comprise: | € | € |
|---|---|---|
| Wages and salaries | 29,194,510 | 29,747,200 |
| Social welfare costs | 3,229,039 | 3,290,441 |
| Other retirement benefit costs | 3,901,175 | 3,776,098 |
| | 36,324,724 | 36,813,739 |

**NOTES TO THE FINANCIAL STATEMENTS**
**for the financial year ended 31 December 2017 (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 €3,422,186 (2016: €3,230,876).

| 9. TAX ON PROFIT / (LOSS) | *2017* | *2016* |
|---|---|---|
| | € | € |
| *(a) The tax charge is made up as follows:* | | |
| *Current tax:* | | |
| Under provision in respect of prior financial years | 21,810 | - |
| Tax on profit | 21,810 | - |

*(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 profit before taxation. The sources and tax effects of the differences are explained below:

| | *2017* | *2016* |
|---|---|---|
| | € | € |
| Profit / (loss) before taxation | 2,028,653 | (1,249,573) |
| Profit / (loss) multiplied by the standard tax rate 12.5% | 253,582 | (156,197) |
| *Effect of:* | | |
| Expenses not deductible and non-taxable income | 74,816 | 32,686 |
| Other timing differences including differences between capital allowances and depreciation and movement in provisions | 83,370 | 167,419 |
| Losses arising in the financial year not utilised in current year | - | (44,852) |
| Higher tax rates on investment income | 764 | 944 |
| Losses brought forward utilised in current year | (412,532) | - |
| Under provision in respect of prior financial years | 21,810 | - |
| Total tax charge for the financial year | 21,810 | - |

**NOTES TO THE FINANCIAL STATEMENTS**
**for the financial year ended 31 December 2017 (Continued)**

9. TAX ON PROFIT / LOSS 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 €29.5M (2016: €32.1M) 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 their 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 income was €2,358,388 (2016: loss of €2,137,443).

The fees paid to the auditors in respect of the audit of the Company individual accounts in 2017 was €72,000 (2016: €72,000). In addition the auditors received fees of €17,000 and €17,000 in respect of other assurance services, and €54,570 and €41,275 in respect of tax compliance and advisory services in 2017 and 2016 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 2017 (Continued)**

11. TANGIBLE FIXED ASSETS

| | *Freehold and long leasehold land and premises* | *Plant & machinery* | *Motor vehicles* | *Office equipment* | *Total* |
|---|---|---|---|---|---|
| *GROUP* | € | € | € | € | € |
| *Cost* | | | | | |
| At 31 December 2015 | 47,214,478 | 59,475,116 | 47,360 | 6,728,218 | 113,465,172 |
| Additions during financial year | - | 41,118 | - | 80,167 | 121,285 |
| Disposals during financial year | - | - | - | - | - |
| 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 |
| *Depreciation:* | | | | | |
| At 31 December 2015 | 26,923,581 | 51,520,682 | 42,043 | 6,546,204 | 85,032,510 |
| Charged during financial year | 2,556,240 | 1,499,637 | 1,100 | 34,498 | 4,091,475 |
| Disposals during financial year | - | - | - | - | - |
| 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 | 1,496,049 | 1,100 | 46,384 | 3,749,100 |
| Disposals during financial year | - | (79,689) | - | - | (79,689) |
| At 31 December 2017 | 31,685,388 | 54,436,679 | 44,243 | 6,627,086 | 92,793,396 |
| *Net book value at:* | | | | | |
| At 31 December 2017 | 15,532,034 | 6,277,603 | 3,117 | 243,226 | 22,055,980 |
| At 31 December 2016 | 17,734,657 | 6,495,915 | 4,217 | 227,683 | 24,462,472 |

**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2017 (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 2015 | 47,210,107 | 59,299,632 | 47,360 | 1,520,211 | 108,077,310 |
| Additions during financial year | - | 33,095 | - | 79,149 | 112,244 |
| Disposals during financial year | - | - | - | - | - |
| At 31 December 2016 | 47,210,107 | 59,332,727 | 47,360 | 1,599,360 | 108,189,554 |
| 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 |
| *Depreciation:* | | | | | |
| At 31 December 2015 | 26,921,116 | 51,349,551 | 42,044 | 1,383,890 | 79,696,601 |
| Charged during financial year | 2,555,393 | 1,490,475 | 1,100 | 21,855 | 4,068,823 |
| Disposals during financial year | - | - | - | - | - |
| 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 |
| *Net book value at:* | | | | | |
| At 31 December 2017 | 15,528,905 | 6,275,411 | 3,116 | 218,180 | 22,025,612 |
| At 31 December 2016 | 17,733,598 | 6,492,701 | 4,216 | 193,615 | 24,424,130 |

## NOTES TO THE FINANCIAL STATEMENTS
**31 December 2017 (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 (2016: €602,961). The depreciation charge in respect of capitalised leased assets for the financial year ended 31 December 2017 amounted to €112,090 (2016: €91,568) and accumulated depreciation was €602,961 (2016: €490,871). The carrying value of the leased assets at 31 December 2017 is €Nil (2016: €112,090).

*Capitalised leased assets – Company*
Included in the cost of plant and machinery is an amount of capitalised leased assets of €560,454 (2016: €560,454). The depreciation charge in respect of capitalised leased assets for the financial year ended 31 December 2017 amounted to €112,090 (2016: €91,568) and accumulated depreciation was €560,454 (2016 €448,364). The carrying value of the leased assets at 31 December 2017 is €Nil (2016: €112,090).

Included in Plant and Machinery at 31 December 2017 is an amount of €1,191,715 (2016: €Nil) relating to expenditure on Mailroom equipment in the course of installation.

12. FINANCIAL FIXED ASSETS

| | *Group* | | *Company* | |
|---|---|---|---|---|
| | *2017* | *2016* | *2017* | *2016* |
| | *€* | *€* | *€* | *€* |
| Investment in subsidiary undertakings *(a)* | - | - | 404 | 204 |
| Investment in joint venture undertakings *(b)* | - | 100,000 | - | - |
| Investment in associates *(c)* | - | - | - | - |
| Other investments *(d)* | 13,390,822 | 12,856,616 | 13,390,822 | 12,856,616 |
| | 13,390,822 | 12,956,616 | 13,391,226 | 12,856,820 |

(a) *Investment in subsidiary undertakings - Company*

| | *Shares at cost* | *Total* |
|---|---|---|
| | *€* | *€* |
| At beginning of financial year | 204 | 204 |
| Additions during the year | 200 | - |
| At the end of financial year | 404 | 204 |

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 2017 (Continued)**

12. FINANCIAL FIXED ASSETS (Continued)

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

*Subsidiary undertakings at 31 December 2017:*

| *Name* | *Registered office* | *Proportion held by: Company* | *subsidiary* | *Nature of business* |
|---|---|---|---|---|
| Itronics Limited | The Irish Times Building 24/28 Tara Street Dublin 2 | 100% | – | Training and 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 |

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

**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2017 (Continued)**

12. FINANCIAL FIXED ASSETS (Continued)

(b) *Investment in joint venture undertakings*

| | € |
|---|---|
| *GROUP* | |
| *Cost:* | |
| At 31 December 2015 | 92,402 |
| Share of profits during financial year | 7,598 |
| At 31 December 2016 | 100,000 |
| Impairment of joint venture investment | (100,000) |
| At 31 December 2017 | - |

During the year the Group disposed of its investment in joint ventures undertakings and recorded a €Nil gain / (loss) loss on disposal. This comprised of D'Olier Investments Limited's share of the assets and liabilities of Sortridge Limited and Digital Media Brokers Limited.

(c) *Investment in associates*

| | € |
|---|---|
| *GROUP* | |
| At 31 December 2015 | 103,534 |
| Share of losses during financial year | (140,329) |
| Loan advanced during the year | 88,200 |
| Purchase of additional shareholding | 151,500 |
| Impairment of investment | (202,905) |
| At 31 December 2016 | - |
| At 31 December 2017 | - |

During the year the Group disposed of its investment in associates and recorded a gain on disposal of €62,936. This comprised of The Irish Times Designated Activity Company's share of the assets and liabilities of Entertainment Media Networks Limited.

**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2017 (Continued)**

12. FINANCIAL FIXED ASSETS (Continued)

(d) *Other investments*

| | *Group* | | *Company* | |
|---|---|---|---|---|
| | *2017* | *2016* | *2017* | *2016* |
| | € | € | € | € |
| Listed investments | 4,922,162 | 4,630,014 | 4,922,162 | 4,630,014 |
| Unlisted investments | 8,468,660 | 8,226,602 | 8,468,660 | 8,226,602 |
| | 13,390,822 | 12,856,616 | 13,390,822 | 12,856,616 |

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.

Unlisted investments consist of a 0.75% 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 and the bid prices of the two funds.

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

| *Movements:* | *Group* | | *Company* | |
|---|---|---|---|---|
| | *2017* | *2016* | *2017* | *2016* |
| | € | € | € | € |
| At 1 January | 12,856,616 | 13,168,167 | 12,856,616 | 13,168,167 |
| Income | 77,963 | 75,244 | 77,963 | 75,244 |
| Fair value adjustments | | | | |
| - Listed investments | 292,147 | 25,729 | 292,147 | 25,729 |
| - Unlisted investments | 164,096 | (412,524) | 164,096 | (412,524) |
| At 31 December | 13,390,822 | 12,856,616 | 13,390,822 | 12,856,616 |

## NOTES TO THE FINANCIAL STATEMENTS
**31 December 2017 (Continued)**

13. STOCKS

| | Group 2017 € | Group 2016 € | Company 2017 € | Company 2016 € |
|---|---|---|---|---|
| Newsprint and materials | 460,604 | 526,035 | 448,795 | 514,229 |

The replacement cost of the above categories of stock does not differ materially from their stated statement of financial position values.

14. DEBTORS (amounts falling due within one year)

| | Group 2017 € | Group 2016 € | Company 2017 € | Company 2016 € |
|---|---|---|---|---|
| Trade debtors | 5,705,084 | 6,190,888 | 4,979,055 | 5,216,356 |
| Amounts due from joint ventures | - | 861,337 | - | 861,337 |
| Amounts due from Group companies | - | - | 9,959,085 | 9,959,085 |
| Other debtors | 49,689 | 54,812 | 49,668 | 45,917 |
| Corporation tax recoverable | 9,040 | 33,514 | - | 1,831 |
| Prepayments | 597,241 | 1,220,080 | 522,963 | 1,184,089 |
| | 6,361,054 | 8,360,631 | 15,510,771 | 17,268,615 |

15. CREDITORS (amounts falling due within one year)

| | Group 2017 € | Group 2016 € | Company 2017 € | Company 2016 € |
|---|---|---|---|---|
| Trade creditors | 4,480,331 | 3,876,490 | 4,474,967 | 3,762,425 |
| Tax and social welfare *(a)* | 2,258,606 | 2,445,369 | 2,227,739 | 2,398,620 |
| Accruals | 6,855,019 | 7,608,589 | 6,329,995 | 7,255,146 |
| Deferred income | 494,233 | 904,539 | 494,233 | 904,538 |
| Amounts due to joint ventures | 18,023 | 4,839 | 18,023 | 4,839 |
| Amounts owed to Group companies | - | - | 9,958,861 | 9,958,861 |
| Finance lease obligations *(Note 23 (a))* | - | 100,546 | - | 100,546 |
| | 14,106,212 | 14,940,372 | 23,503,818 | 24,384,975 |

**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2017 (Continued)**

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

(a) *Tax and social welfare comprises:*

| | *Group* | | *Company* | |
|---|---|---|---|---|
| | *2017* | *2016* | *2017* | *2016* |
| | € | € | € | € |
| Value added tax | 1,231,402 | 1,357,610 | 1,211,939 | 1,327,344 |
| Employment taxes | 1,024,761 | 1,087,759 | 1,013,357 | 1,071,276 |
| Corporation tax payable | 2,443 | - | 2,443 | - |
| | 2,258,606 | 2,445,369 | 2,227,739 | 2,398,620 |

16. 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.

**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2017 (Continued)**

## 17. PROVISIONS

| *GROUP AND COMPANY* | *Restructuring(i)* | *Ex-Gratia pension(ii)* | *Pension settlement provision(iii)* | *Total* |
|---|---|---|---|---|
| | € | € | € | € |
| *Cost:* | | | | |
| At 31 December 2015 | 597,112 | 320,170 | 7,666,796 | 8,584,078 |
| Provided during financial year | 1,352,470 | - | - | 1,352,470 |
| Utilised during financial year | (1,018,337) | (138,676) | - | (1,157,013) |
| Pension scheme payments | - | - | (2,604,156) | (2,604,156) |
| Unwinding of discount | - | - | 283,794 | 283,794 |
| 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 |
| At 31 December 2017 | - | 155,125 | 3,598,682 | 3,753,807 |

*(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 18, 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%.

**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2017 (Continued)**

18. 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 €1.95M (2016: €2.60M) were made during the year in accordance with the agreed schedule and all such payments were made on time.

19. CALLED UP SHARE CAPITAL AND RESERVES

(a) *Called up share capital*

| | *2017* | *2016* |
|---|---|---|
| | € | € |
| *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 |

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 renominalisation of share capital subsequent to the changeover to the Euro.

**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2017 (Continued)**

| 20. RECONCILIATION OF OPERATING PROFIT (LOSS) TO OPERATING CASH FLOW | *2017* € | *2016* € |
|---|---|---|
| Operating profit (loss) | 1,682,363 | (533,354) |
| Investment impairment | 100,000 | 202,905 |
| Gain on disposal of investments | (62,936) | - |
| Loss on disposal of tangible fixed assets | 313 | - |
| Depreciation of tangible fixed assets | 3,749,100 | 4,091,475 |
| Interest element of defined benefit pension plan settlement | (201,795) | (283,794) |
| Restructuring | 88,934 | 1,352,470 |
| Decrease in stocks | 65,431 | 158,033 |
| Decrease (Increase) in debtors | 1,974,842 | (636,367) |
| (Decrease) in creditors | (736,057) | (849,719) |
| Decrease in operating provisions and pension balances | (2,794,300) | (3,477,375) |
| | 3,865,895 | 24,274 |
| *Taxation* | | |
| Corporation tax refund | 5,107 | 1,104 |
| Corporation tax paid | - | (2,939) |
| Cash generated by operations | 3,871,002 | 22,439 |

**NOTES TO THE FINANCIAL STATEMENTS**
**for the financial year ended 31 December 2017 (Continued)**

21. 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:

| *GROUP AND COMPANY* | *2017* | *2016* |
|---|---|---|
| | € | € |
| Amounts payable: | | |
| Not later than one year | - | 103,296 |
| Later than one year and not later than 5 years | - | - |
| Less: Finance charges allocated to future periods | - | (2,750) |
| | - | 100,546 |

(b) *Operating leases*

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

| *GROUP* | *Land and buildings* | *Plant and machinery* | *Total* |
|---|---|---|---|
| | € | € | € |
| Not later than one year | 1,615,000 | 196,014 | 1,811,014 |
| Later than one year and not later than 5 years | 6,706,147 | 258,960 | 6,965,107 |
| Later than five years | 12,466,667 | - | 12,466,667 |
| | 20,787,814 | 454,974 | 21,242,788 |

(c) *Capital Commitments*

At 31 December 2017 the Group and Company had Capital Commitments of €189,604 (2016: €Nil) relating to completion of the installation and commissioning of Mailroom equipment.

**NOTES TO THE FINANCIAL STATEMENTS**
**for the financial year ended 31 December 2017 (Continued)**

21. COMMITMENTS (Continued)

| *COMPANY* | *Land and buildings* € | *Other* € | *Total* € |
|---|---|---|---|
| Not later than one year | 1,615,000 | 211,655 | 1,826,655 |
| Later than one year and not later than 5 years | 6,686,667 | 189,129 | 6,875,796 |
| Later than five years | 12,466,667 | - | 12,466,667 |
| | 20,768,334 | 400,784 | 21,169,118 |

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

| *GROUP AND COMPANY* | *Land and buildings* € | *Other* € | *Total* € |
|---|---|---|---|
| Not later than one year | 400,200 | - | 400,200 |
| Later than one year and not later than 5 years | 1,122,296 | - | 1,122,296 |
| | 1,522,496 | - | 1,522,496 |

*(d)* *Landmark Media acquisition*

In December 2017 the Company entered into a share purchase agreement whereby the Company will acquire all of the publishing and media interests of the Landmark Media Group. The acquisition was cleared by the Broadcasting Authority of Ireland on 29 March 2018 and by the Competition and Consumer Protection Commission on 24 April 2018. A separate notification to the Minister for Communications, Climate Action and Environment for approval has now been made and the Minister has an initial 40 day period in which to make a decision. Although this timeline can be extended it is expected that a decision will be made during the course of 2018.

Whilst the financial terms associated with the agreement have not been disclosed, the aggregate financial impact of all commitments under the agreement is not material to the financial position of the Company.

22. CONTINGENT LIABILITIES

There were no material contingent liabilities affecting the Group or the Company at 31 December 2017.

**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2017 (Continued)**

23. 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 2017 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

24. 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.

25. 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 €1,265,553 (2016: €1,321,304).

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**
**for the financial year ended 31 December 2017 (Continued)**

25. 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:

| | *Sales To related Party 2017 €* | *Sales To related Party 2016 €* | *Purchases From related Party 2017 €* | *Purchases From related Party 2016 €* |
|---|---|---|---|---|
| Gloss Publications Limited | 49,843 | 39,862 | 11,000 | 11,000 |
| Sortridge Limited | 1,820,965 | 1,866,599 | 361,045 | 28,645 |
| Digital Media Brokers Limited | – | 210 | – | – |

| | *Amounts owed to Related Party 2017 €* | *Amounts owed to Related Party 2016 €* | *Amounts owed by Related Party 2017 €* | *Amounts owed by Related Party 2016 €* |
|---|---|---|---|---|
| Sortridge Limited | – | 4,839 | – | 861,337 |

26. SUBSEQUENT EVENTS

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

27. 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 2017 on 10 May 2018.