

**RTÉ Transmission Network DAC  
(T/A 2rn)**

**Regulated Accounts  
Market A**

**for the year ended  
31 December 2021**

**RTÉ TRANSMISSION NETWORK DAC (TRADING AS 2RN)**

**REGULATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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## RTÉ TRANSMISSION NETWORK DAC (TRADING AS 2RN)

### INTRODUCTION

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The European Communities (Electronic Communications Networks and Services) (Framework) Regulations 2011 (S.I. No. 333 of 2011), which revoked and replaced its predecessor 2003 (S.I. No. 307 of 2003), the European Communities (Electronic Communications Networks and Services) (Access) Regulations 2011 (S.I. No. 334 of 2011, which revoked and replaced its predecessor S.I. No. 305 of 2003) (respectively "the Framework Regulations" and "the Access Regulations") establish the framework for the regulation of the provision of electronic communications networks and services in Ireland. Under this framework, the Commission for Communications Regulations (ComReg) may designate operators as having Significant Market Power (SMP) in respect of specific markets, in which case ComReg may impose on such operators a range of ex ante obligations including, pursuant to Regulation 11 of the Access Regulations and Regulation 13 of the Access Regulations, a requirement for accounting separation and cost accounting respectively. RTÉ Transmission Network DAC ("RTÉNL", or "the Company") trading as 2rn has been designated with SMP in the market for wholesale access to national terrestrial broadcast transmission services and accordingly is subject to obligations of accounting separation and cost accounting in this market. This market is referred to and defined as Market A in ComReg Decision No.02/21<sup>1</sup>.

Decision No.02/21 and the Decision Instrument Market A which has been provided to 2rn, sets out the relevant detail and manner in which 2rn is required to meet these obligations. Sections 11 and 12 of the Decision Instrument Market A refer to these obligations and they are each further detailed at Annex 1 to the Decision Instrument Market A in an annex titled "Detail of the Accounting Separation Obligations- Market A" ("referred to as Annex 1").

Section 2 of Annex 1 Market A requires 2rn's financial records and accounting systems to be sufficiently detailed and supported by sufficient data to ensure that (i) 2rn is in a position to comply with the transparency, non-discrimination, accounting separation, price control and cost accounting obligations imposed on it and (ii) 2rn is in a position to prepare Regulated Accounts which it is obliged to maintain for Market A and, where specified for Services.

As specified at Section 3 of Annex 1 Market A, Separated Accounts are required to be maintained by 2rn in respect of Market A. This requires that Separated Accounts by 2rn contain Regulated Accounts which consists of Historical Cost Accounts ("HCA"), Additional Financial Data and Accounting Documentation. The term "Accounting Documentation" is further defined and detailed at Section 5 of Annex 1 Market A and consists of two principal documents, Primary Accounting Documentation and Secondary Accounting Documentation. This document sets out the Regulated Accounts for Market A and should be read in conjunction with the Primary Accounting Documentation which is under separate cover.

Regulated Accounts are required to be prepared for the following market:

Market	Market description
Market A	Market for Wholesale supply of Transmission and Distribution Services

<sup>1</sup> Comreg document No.21/14 entitled "Market Review Broadcasting Transmission Services in Ireland" dated 26 February 2021.

**INTRODUCTION (CONTINUED)**

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Market A is the wholesale market where 2rn as the upstream transmission network provider supplies a transmission and distribution service via its towers and masts infrastructure and relevant associated facilities (including transmission and distribution equipment, buildings etc., in order to enable (i) the broadcast of national analogue terrestrial radio signals to end users and (ii) the broadcast by a Multiplex Operator of its digital multiplexing service.

The Regulated Accounts are prepared in accordance with the Primary Accounting Documentation. The Primary Accounting Documentation set out the framework under which the Regulated Accounts have been prepared, which is set out in the Decision Notice, insofar as they apply to the year ended 31 December 2021.

## RTÉ TRANSMISSION NETWORK DAC (TRADING AS 2RN)

### STATEMENT OF RESPONSIBILITY FOR PREPARING THE REGULATED ACCOUNTS MARKET A

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The European Communities (Electronic Communications Networks and Services) (Framework) Regulations 2011 (S.I. No. 333 of 2011) and the European Communities (Electronic Communications Networks and Services) (Access) Regulations 2011 (S.I. No. 334 of 2011) and the European Communities (Electronic Communications Networks and Services) (respectively "the Framework Regulations", and "the Access Regulations") establish the framework for the regulation of the electronic communications networks and services in Ireland.

Under this framework, the Commission for Communications Regulations ("ComReg") may designate operators as having Significant Market Power ("SMP") in respect of specific markets, in which case ComReg may impose on such operators a range of obligations including, pursuant to Regulation 11 of the Access Regulations a requirement for accounting separation and pursuant to Regulation 13 of the Access Regulations cost accounting. RTÉ Transmission Network DAC ("RTÉNL") has been designated with SMP in the market for wholesale access to national terrestrial broadcast transmission services and is subject to the obligations of accounting separation and cost accounting. ComReg Decision No.02/21 of 26 February 2021 specifies the manner in which RTÉNL must meet its obligations of accounting separation and cost accounting in particular as is set out in Annex 1 to the Decision Instrument entitled Detail of the Accounting Separation Obligations Market A.

The Directors are responsible for ensuring that the Company maintains accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company, and for properly preparing the Regulated Accounts, which are required to present fairly, in accordance with the Primary Accounting Documentation and the Decision Instrument No.02/21 the results and Mean Capital Employed for Market A.

The Regulated Accounts for the year ended 31 December 2021 were prepared further to, and in accordance with Decision No.02/21.

RTÉNL confirms that, to the best of its knowledge and in good faith, the Regulated Accounts for the year ended 31 December 2021 have been prepared in accordance with the requirements of the governing legislation. It also confirms that, to the best of its knowledge and in good faith the Regulated Accounts have been prepared in accordance with the Accounting Documentation for the year ended 31 December 2021.

Signed:



Richard Collins  
Director:



Mick Kehoe  
Director:

Date: 27 April 2022

## **Independent auditors' report to RTÉ Transmission Network DAC t/a 2rn and ComReg**

### **Opinion**

We have audited the non-statutory Regulated Accounts - Market A ("Market A") of RTÉ Transmission Network DAC t/a 2rn ("the Company"), which comprise the Statement of Mean Capital Employed as at 31 December 2021, and the Income Statement for the year ended and the Income Statement Reconciliation, the Statement of Mean Capital Employed Reconciliation and the notes to the Regulated Accounts - Market A.

In our opinion, the accompanying Regulated Accounts - Market A present fairly, in all material respects, the financial position of Market A as at 31 December 2021 and of its financial performance for the year then ended in accordance with the ComReg Decision No. 02/21 and the relevant Decision Instrument i.e. Market A ("The Decision Instrument") issued on 26 February 2021 and the Primary Accounting Documentation dated 25 April 2022.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) including ISA (Ireland) 800. Our responsibilities under those standards are further described in the *Auditors Responsibilities for the Audit of the Regulated Accounts - Market A* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Regulated Accounts - Market A in Ireland, 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.

### **Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use**

We draw your attention to the accounting policies contained in Note 2 of the Regulated Accounts - Market A, which describe the basis of accounting. The Regulated Accounts - Market A are prepared to assist RTÉ Transmission Network DAC t/a 2rn to comply with their regulatory reporting requirements to ComReg. As a result, the Regulated Accounts - Market A may not be suitable for other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than RTÉ Transmission Network DAC t/a 2rn's directors as a body and Comreg, for our audit work, for this report, or for the opinions we have formed. Our report is intended solely for RTÉ Transmission Network DAC t/a 2rn and Comreg and should not be distributed to or used by parties other than RTÉ Transmission Network DAC t/a 2rn or ComReg. Our opinion is not modified in respect of this matter.

### **Other Matter**

The Company has prepared a separate set of statutory financial statements for the year ended 31 December 2021 in accordance with International Financial Reporting Standards on which we issued a separate auditor's report to the shareholders of the Company dated 29 April 2022.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Introduction and Business Review, but does not include the Regulated Accounts - Market A and our auditor's report thereon. Our opinion on the Regulated Accounts - Market A does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Regulated Accounts - Market A, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Regulated Accounts - Market A or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are expected to report that fact.

We have nothing to report in this regard.

## **Independent auditors' report to RTÉ Transmission Network DAC t/a 2rn and ComReg (continued)**

### **Director's & ComReg's Responsibility for the Regulated Accounts – Market A**

The Directors are responsible for the preparation and fair presentation of the Regulated Accounts - Market A in accordance with the financial reporting provisions of The Decision Instrument issued on 26 February 2021 and the Primary Accounting Documentation dated 25 April 2022, and for such internal control as the Directors determines is necessary to enable the preparation of Regulated Accounts – Market A that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for overseeing the Company's financial reporting process.

### **Auditors Responsibilities for the Audit of the Regulated Accounts – Market A**

Our objectives are to obtain reasonable assurance about whether the Regulated Accounts – Market A 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 International Standards on Auditing (ISAs) 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.

The nature, form and content of the Regulated Accounts-Market A and therefore their basis for preparation, is set out by ComReg to assist the Company in meeting its regulatory requirements. We make no assessment as to whether the basis of preparation, as set out on page 11 is appropriate or sufficient for the Company's purposes.

As part of an audit in accordance with ISAs , we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Regulated Accounts – Market A, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the overall presentation, structure and content of the Regulated Accounts – Market A, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Richard Howard  
For and on behalf of Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Dublin

Date: 29 April 2022

**RTÉ TRANSMISSION NETWORK DAC (TRADING AS 2RN)****INCOME STATEMENT  
MARKET A REGULATED ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>2021</b>	2020
	<b>€'000</b>	€'000
<b>Revenue</b>		
Intra market revenue	<b>9,692</b>	10,197
External revenue	<b>564</b>	564
Internal revenue	<b>5,301</b>	4,969
<b>Total Revenue</b>	<b>15,557</b>	15,730
<b>Operating Costs</b>		
Employee and personnel related costs	<b>(3,349)</b>	(3,365)
Network electricity	<b>(1,949)</b>	(1,517)
Maintenance costs	<b>(988)</b>	(1,041)
Other operating costs	<b>(940)</b>	(911)
Central shared services costs	<b>(677)</b>	(545)
Rent and rates	<b>(871)</b>	(906)
Depreciation	<b>(4,057)</b>	(4,325)
<b>Total Operating Costs</b>	<b>(12,831)</b>	(12,610)
<b>Return</b>	<b>2,726</b>	3,120
<b>Mean Capital Employed</b>	<b>37,194</b>	38,321
<b>Return on Mean Capital Employed (%)</b>	<b>7.33%</b>	8.14%

The Market A Regulated Accounts were approved on 27 April 2022 by the Board of the Company and signed on its behalf by:



Richard Collins  
Director

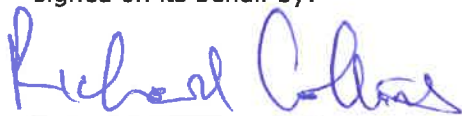
Mick Kehoe  
Director




**RTÉ TRANSMISSION NETWORK DAC (TRADING AS 2RN)****STATEMENT OF MEAN CAPITAL EMPLOYED  
MARKET A REGULATED ACCOUNTS  
AS AT 31 DECEMBER 2021**

	<b>2021</b> <b>€'000</b>	2020 €'000
<b>Non Current Assets</b>		
Property, plant and equipment	<b>37,332</b>	39,960
Intangible assets	<b>49</b>	6
<b>Total Non Current Assets</b>	<b>37,381</b>	39,966
<b>Current Assets</b>		
Trade, other receivables, prepayments and accrued income	<b>657</b>	448
Cash and cash equivalents	<b>2,428</b>	1,552
<b>Total Current Assets</b>	<b>3,085</b>	2,000
<b>Total Assets</b>	<b>40,466</b>	41,966
<b>Current Liabilities</b>		
Liabilities and other payments	<b>(3,272)</b>	(3,645)
<b>Total Current Liabilities</b>	<b>(3,272)</b>	(3,645)
<b>Mean Capital Employed</b>	<b>37,194</b>	38,321

The Market A Regulated Accounts were approved on 27 April 2022 by the Board of the Company and signed on its behalf by:

  
Richard Collins  
Director

  
Mick Kehoe  
Director

**RTÉ TRANSMISSION NETWORK DAC (TRADING AS 2RN)****INCOME STATEMENT RECONCILIATION  
MARKET A REGULATED ACCOUNTS  
AS AT 31 DECEMBER 2021**

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	<b>2021</b> <b>€'000</b>	2020 €'000
<b>Return per Income Statement</b>	<b>2,726</b>	3,120
<b>Depreciation reconciling adjustments:</b>		
Reversal of Statutory depreciation related to fair value uplifts in Statutory Financial Statements	<b>(554)</b>	(546)
Impact of changes to asset lives between regulatory and Statutory Financial Statement	<b>(622)</b>	(296)
	<b>(1,176)</b>	(841)
<b>Specific income/(expenditure) excluded for regulatory purposes:</b>		
Net interest expense per Statutory Financial Statements	<b>(759)</b>	(698)
Operating income/ (expenditure)	<b>6,849</b>	7,468
Depreciation	<b>(970)</b>	(522)
Return Market B regulated accounts	-	-
	<b>5,120</b>	6,248
<b>Profit before taxation per Statutory Financial Statements</b>	<b>6,670</b>	8,527
<b>Tax (charge) per Statutory Financial Statements</b>	<b>(96)</b>	(752)
<b>Profit on Ordinary activities after taxation per Statutory Financial Statements 2rn</b>	<b>6,574</b>	7,775

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## RTÉ TRANSMISSION NETWORK DAC (TRADING AS 2RN)

### STATEMENT OF MEAN CAPITAL EMPLOYED RECONCILIATION MARKET A REGULATED ACCOUNTS AS AT 31 DECEMBER 2021

	2021 €'000	2020 €'000
<b>Mean Capital Employed for the year</b>	<b>37,194</b>	38,322
<b>Adjustments for regulatory purposes:</b>		
Net of residual revaluation surplus eliminated for regulatory purposes	2,424	2,799
Tangible asset value adjustments for regulatory purposes	1,227	2,105
Amount in Statutory Financial Statements not relevant to regulated Market A	5,085	2,657
Cash and cash equivalents	6,054	3,763
Mean Capital Employed for the year, Market B (including values in RTÉ Records)	59	33
	<b>14,849</b>	11,357
<b>Adjustments required to reflect mean values in RTÉ records relevant to Market B:</b>		
Trade debtors	(1,259)	(1,083)
Deferred Income	1,092	907
VAT creditor	177	195
	<b>10</b>	19
<b>Mean Assets/Liabilities excluded for Regulatory purposes:</b>		
Net Intercompany receivables	89,468	90,397
Corporation and Deferred tax	(3,607)	(3,746)
Derivative financial instruments	-	-
Employee benefits	(145)	(138)
Borrowing and other debt	(55,000)	(55,000)
Capital Grants	(4,814)	(2,554)
	<b>25,902</b>	28,959
<b>Total Mean Capital Employed per Statutory Financial Statements 2rn<sup>1</sup></b>	<b>77,955</b>	78,657

<sup>1</sup>Mean Capital Employed is the simple average per statutory financial statements at 31 December 2020 and 2021

**1. DEFINITIONS OF THE MARKETS**

The definition of Market A is based on the regulatory decision as set out by ComReg Decision No. 02/21, Market Review Broadcasting Transmission Services in Ireland.

**Market A** is the Wholesale market for the supply of transmission and distribution services via towers / masts infrastructure and relevant associated facilities (including transmission and distribution equipment, buildings etc.) in order to enable:

- The broadcast of national analogue terrestrial radio signals to end users
- The broadcast by a Multiplex Operator of its digital terrestrial broadcasting signals to end users.

In accordance with the above Decision Notice, Regulated Accounts are prepared for Market A.

**2. BASIS OF PREPARATION OF REGULATED ACCOUNTS**

The structure of the Regulated Accounts required pursuant to Decision No. 02/21 and the relevant Decision Instruments (i.e. Market A) does not correspond to the way in which the Company is organised and operates and hence does not correspond to the way the statutory accounting records are structured and prepared. The Regulated Accounts are therefore produced by overlaying the requirements of the Decision Notices on the statutory accounting record structure of 2rn.

These Regulated Accounts are prepared by attributing the balances, as modified in accordance with the Primary Accounting Documentation, in 2rn's general ledgers and other accounting records to the relevant Markets as required by the Decision Instruments.

The purpose of Accounting Separation is to provide an analysis of information derived from 2rn's financial records to reflect as closely as possible the performance of Market A as if it was operating as a separate business.

The Regulated Accounts have been prepared in accordance with the accounting policies as set out in the Statutory Financial Statements of 2rn ("the Statutory Financial Statements"), unless any specific deviation is required as a result of conforming to this documentation, together with the regulatory accounting principles and attribution methods as set out in the Primary Accounting Documentation dated 25 April 2022.

The Statutory Financial Statements of 2rn have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union (EU) that are effective for the year ended 31 December 2021.

## RTÉ TRANSMISSION NETWORK DAC (TRADING AS 2RN)

### APPENDIX I FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Business Review

Market A, *Wholesale supply of Transmission and Distribution Services*, came into scope for regulation following ComReg Decision No.02/21 dated 26 February 2021.

Results for the year to 31 December 2021 show a return of €2.72m for the year, or a 7.3% return on mean capital employed for Market A. Based on WACC rates set by ComReg and used during the year for calculation of regulated charges, an anticipated return would have been 7.1%. The return for 2021 is therefore marginally above this.

The return continues to tend towards the proposed return on a cumulative basis as anticipated.

<b>Year ended 31<sup>st</sup> December</b>	<b>Return</b>	<b>Mean Capital Employed</b>	<b>Return on Mean Capital Employed</b>
	<b>€,000</b>	<b>€'000</b>	
2013	2,146	52,948	4.05%
2014	3,419	49,938	6.85%
2015	3,329	48,419	6.88%
2016	4,236	46,745	9.06%
2017	3,613	44,148	8.18%
2018	3,641	42,442	8.58%
2019	3,724	40,403	9.22%
2020	3,120	38,321	8.14%
2021	2,726	37,194	7.33%