

MUSIC NETWORK COMPANY LIMITED BY GUARANTEE
(A company limited by guarantee)

Annual Report and Consolidated Financial Statements
for the Financial Year ended 31 December 2017

Company Number:
Charity Number:

161254
CHY8353

MUSIC NETWORK COMPANY LIMITED BY GUARANTEE

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MUSIC NETWORK COMPANY LIMITED BY GUARANTEE

DIRECTORS AND OTHER INFORMATION

| | |
|-------------------------------------|--|
| Directors | Peter Finnegan (Chairperson) Peter Browne Clíona Doris John McGrane Jenny Sherwin Neil Martin Shirley Kavanagh (appointed 1 June 2017) Anna Lardi Fogarty (appointed 1 June 2017) |
| Secretary | Clíona Doris |
| Auditor | JPAS Ltd. Chartered Accountants and Statutory Audit Firm Ardeen House 10/11 Marine Terrace Dun Laoghaire Co. Dublin |
| Principal Bankers | Allied Irish Banks plc 1 Lower Baggot Street Dublin 2 |
| Registered & Head Office | National Concert Hall Building Earlsfort Terrace Dublin 2 |
| Solicitor | Thomas Barry & Co. 11 St. Stephens Green Dublin 2 |

MUSIC NETWORK COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Directors present their Report and Financial Statements of the company for the financial year ended 31 December 2017.

Structure, Governance and Management

The company is a charity (registered number CHY8353) and hence the report and results are presented in a form, which complies both with the requirements of the Companies Act 2014 and also the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective January 2015) – (Charities SORP FRS102).

Legal Status

Music Network CLG is a company registered in Dublin, Ireland (Registration Number 161254) which was incorporated on 3 July 1990. The company is governed by a Constitution. The objects of the company are charitable in nature and it has established charitable status. The company took over the assets and liabilities of Music Network, an unincorporated body, with effect from 1 January 1991. The company assumed the accumulated deficit of €15,318 of Music Network.

Companies Act 2014

On 10 May 2017 the company changed its name to Music Network Company Limited by Guarantee (previously Music Network Ltd.) and also adopted a new constitution.

Directors and their Interests

The directors of the charitable company Music Network CLG are its trustees for the purpose of charity law.

The directors serving during the year and since the year-end were as follows:

| | | |
|-------------------|------------------------------|------------------------|
| Elected trustees: | Peter Finnegan (Chairperson) | |
| | Clíona Doris | |
| | Peter Browne | |
| | Leo Blennerhassett | resigned 28 March 2017 |
| | John McGrane | re-elected 1 June 2017 |
| | Jenny Sherwin | re-elected 1 June 2017 |
| | Neil Martin | re-elected 1 June 2017 |
| | Shirley Kavanagh | appointed 1 June 2017 |
| | Anna Lardi | appointed 1 June 2017 |

Leo Blennerhassett resigned as director on 28 March 2017. Shirley Kavanagh and Anna Lardi Fogarty were appointed as directors on 1 June 2017.

In accordance with the company's Articles of Association, Jenny Sherwin, Neil Martin and John McGrane retired by rotation and, being eligible, offered themselves for re-election

Secretary: Clíona Doris

Helen Grant resigned as company secretary on 31 October 2017 and Clíona Doris was appointed as Company Secretary on the same date.

Members of the charitable company guarantee to contribute an amount not exceeding €1 to the assets of the charitable company in the event of a winding up. The total number of such guarantees at 31 December 2017 was eight.

Organisation

A chief executive and support staff are employed by Music Network CLG to carry out the day-to-day management of the company.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Principal Risks and Uncertainties

The directors are aware of the risks to which the company is exposed, in particular those related to the operations and finances of the organisation and are satisfied that systems are in place to manage exposure to risk.

Post Balance Sheet Events

There have been no significant transactions since the period-end.

Mission Statement, strategic priorities and key objectives

Music Network's mission is to make high quality live music available and accessible to people throughout Ireland, regardless of their location or circumstance, while supporting the career development of musicians.

Music Network's Strategic Policy 2014-17 identifies three key priorities for the period: Musician, Audience and Partnership Development.

Under Musician Development, objectives include:

- Provision of professional performance opportunities (in Ireland and internationally) and associated outreach/audience development initiatives
- Promotion of the work of contemporary Irish composers
- Provision of supports for emerging musicians
- Creation of curatorial opportunities for musicians
- Provision of direct funding supports to musicians.

Audience Development objectives include:

- A greater emphasis on audience-focused programming
- Maximising access to high quality touring product for audiences
- Identifying new ways for audiences to engage with live music
- Developing new audiences for live music
- Broadening public engagement with live music through use of new performance settings
- Advocating the value of live music in society.

Partnership Development objectives include:

- Engaging with the Arts Council and other music touring groups/organisations, to generate ideas that further develop infrastructure for music touring in Ireland, and as a leading agency for music, develop our role in the area of brokering tours
- Deepening engagement with key promoters, working together to raise standards of concert promotion and foster greater audience focus, leading to increased audiences
- Working with and through our subsidiary Music Generation and local Music Education Partnerships towards full implementation of the National Music Education Programme and an integrated strategy for joined up local music development
- Strengthening existing strategic partnerships and initiating new partnerships, in pursuit of our goals.

Achievements and Performance

In the year ended 31 December 2017, Music Network CLG implemented year three of its Strategic Plan 2014-17. The following programme of activities was delivered in the period:

- **National Touring Programme:** Music Network's flagship performance programme offering nine major national tours by leading international and Irish classical, jazz and traditional musicians/ensembles to a broad network of partner promoters at subsidised rates.
- **Programming for Child and Family Audiences:** completion of Music Network's second partnership commission with The Ark, by composer Brian Irvine.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

- **Dublin Concert Series:** presentation of 9 concerts in a range of Dublin city centre venues, featuring musicians and ensembles performing in numerous genres including Irish and Scottish traditional American String Band, jazz/improvised, new and classical music, and providing exposure to a broad audience.
- **Complementary Performance Programmes:** *Blue of the Shortest Night*, a live broadcast concert in partnership with RTÉ lyric fm on midsummer's evening showcasing 5 Irish acts and a range of genres, and a year-end concert featuring Céline Moinet & Florian Uhlig.
- **Music Network Artist Residency:** delivery of the 2017 residency in partnership with The National Opera House and Wexford County Council, featuring classical guitarist Redmond O'Toole as resident artist, joined by the Wexford Sinfonia Orchestra and the RTÉ ConTempo Quartet conducted by Fergus Sheil, Contempo String Quartet, Zoe Conway and John McIntyre with Shaháb and Sháyán Coohe, Sinéad Campbell-Wallace, Chloe Hanslip, Oscar Ghiglia and The International Guitar Quartet, and featuring an extensive Learning and Participation Programme including formation of the 15-piece Wexford Guitar Ensemble.
- **Support for emerging musicians:** completion of developmental supports for The Aoife Doyle Band including funding and launch of their CD *Clouds* and presentation of Aoife Doyle at Galway Jazz Festival; provision of a range of additional performance opportunities for Irish musicians, including emerging, via the Listen At Arthur's monthly concert series and Wood Quay Summer Sessions.
- **Commissioning of new works by Irish composers:** in addition to the Music Network/Ark partnership commission with composer Brian Irvine referred to above, commissioning of new works by Kevin Volans, Ian Wilson, Deirdre Gribbin and Rhona Clarke for Music Network's National Touring Programme.
- **Promotion of contemporary Irish works, and partnership with the Contemporary Music Centre's (CMC) Composer's Voice initiative:** presentation of contemporary Irish works within 100% of classical concert programmes performed in the period; continuation of this partnership with CMC, showcasing composers Rhona Clarke and Ian Wilson.
- **International concerts, opportunities and networking:** continuation of our partnership with Le Centre Culturel Irlandais, Paris on the provision of an annual Music Performance Residency Bursary, and of other networking activities in the period including attendance at Folk Alliance International Conference, Kansas City, and ClassicalNext, Rotterdam, with the support of Culture Ireland.
- **Music Education:** this is operated through a subsidiary of Music Network CLG called Music Generation DAC. See below for more details on the subsidiary and its operations.
- **Learning and Participation Programme:** presentation of 51 participatory events in partnership with a range of partner promoters, Music Education Partnerships, third level music institutions and other music and community groups involving Irish and international artists engaged on Music Network tours and concerts.
- **Promoter and Audience Development:** continued publication and distribution of a Promoter E-Bulletin to provide regular access to programming and other relevant information for partner promoters, and provision of ongoing supportive contact (via site visits/concert attendance, email and telephone) with Partner Promoters throughout the period, in relation to concert activity.
- **Information, Training and Advice Services:** continued provision of music information services including a range of tailored e-newsletters/e-bulletins for different audiences, and the maintenance and development of Music Network's websites and social media platforms; introduction of a suite of training sessions for musicians in developing fundraising, self-promotion and self-management skills; provision of ongoing support and advice to musicians engaged across Music Network's programmes.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

- **Music Capital Scheme:** management of the 2016 scheme with funding of €211,905 granted by the Department of Culture, Heritage and the Gaeltacht in late 2016. The scheme, administered in 2017, offered financial support in two distinct streams:
 - **Stream 1: Instrument Banks** – funding of €125,000 awarded for the purchase of instruments for non-professional groups/ensembles such as brass and silver bands, concert bands, symphonic wind ensembles, pipe bands, ceili bands, choirs, youth/amateur orchestras and ensembles, fife and drum (and other marching) bands, big bands, community music groups, percussion and samba groups, pop/rock music collectives, traditional music groups/organisations, choirs, other non-professional groups/ensembles.
 - **Stream 2: Individual Instruments** – funding of €64,180 awarded for the purchase of high quality musical instruments for highly skilled individual performers playing at a professional level.
- **National Musical Instrument Resource:** progression of the aim to establish a National Musical Instrument Resource, designed to complement and enhance the impact of the Music Capital Scheme and ensure that no musician at any level is prevented from fulfilling their musical potential for lack of an appropriate instrument, with management of the O'Neill Cello.
- **The Piano Scheme:** introduction of this new scheme, supported by Jeffers Pianos and in association with Galway Jazz Festival, giving professional musicians resident in Ireland and working in jazz and improvised music access to concert standard pianos for public performances throughout the country. 10 awards were made in 2017 to Izumi Kimura, F-JOB (Greg Felton, Matthew Jacobson and Cormac O'Brien), Francesco Turrisi Quartet, Christine Tobin Ensemble, Kieran Quinn and the Carole Nelson Trio.
- **Arts Council Music Recording Scheme:** management of projects still under production from awards made in previous years continued, on behalf of the Arts Council.
- **Music Generation DAC**

Initiated by Music Network, Music Generation is co-funded by U2, The Ireland Funds, the Department of Education and Skills and local Music Education Partnerships. As a result of almost ten years of ongoing research and advocacy by Music Network and The Arts Council, in July 2009 U2 and The Ireland Funds donated €7 million to Music Network for the roll-out of the instrumental/vocal tuition strand of the music education model published in its 2003 feasibility study report, "A National System of Local Music Education Services" and subsequently piloted in Dublin and Donegal. Music Network then moved to establish a subsidiary company, Music Generation DAC (operational since June 2010) charged with responsibility for the efficient management of the fund. Local/regional Music Education Partnerships (MEPs) are initially invited to bid for seed funding of up to €200,000 per annum over a 3-year period under the scheme, with continuity match funding provided by the Department of Education and Skills thereafter. In the period, 12 funded Music Education Partnerships (representing thirteen counties) continued to operate. Additionally, further donations by U2/The Ireland Funds enabled the announcement of phase 2 of the programme, with 9 more areas of the country selected for participation.

Music Network continued to exercise a governance role in relation to management of Music Generation, and to assist in building support among government departments and other agencies to secure continued investment in Music Generation, working towards its goal of extending the programme to all areas of the country over time. In December 2017, government announced its commitment to supporting the roll-out of Music Generation nationwide by 2022 under Creative Ireland's Creative Youth Initiative – A Plan to Enable the Creative Potential of Every Child and Young Person and ensure that every child in Ireland will have practical access to tuition, experience and participation in music, drama, art and coding over the next five years.

Financial Review

Music Network CLG is core funded by the Arts Council and received a grant of €518,000 from its principal funder in 2017. The company occupies premises in the National Concert Hall Building, Earlsfort Terrace,

MUSIC NETWORK COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Dublin 2. The company greatly appreciates this gesture of support-in-kind from the Office of Public Works and also the support of other funders during the period.

At the year end the group had assets of €919,995 (31 December 2016: 1,082,355) and liabilities of (€879,630) (31 December 2016: (€1,044,138)). The net funds of the group have increased by €2,148 (31 December 2016: €36,379) and the directors are satisfied with the level of retained reserves at the year end. Of the net funds at 31 December 2017 of €40,365, €31,799 of this is attributable to restricted funds.

Investment Powers and Policy

In accordance with the Constitution the company has the power to invest in any way the trustees wish.

Reserves Policy

The directors assess on an ongoing basis the financial requirements of the company to ensure that the company has sufficient funds to operate. The company has budgetary controls in place to ensure that the resources of the company are not depleted unnecessarily.

Plans for Future Periods

Music Network will review its Strategic Policy 2014-17 in 2018. A refreshed strategy will be produced, which it is expected will continue to provide a range of services and programmes to deliver on its mission through three priority areas: audience development, musician development and partnership development.

Accounting Records

To ensure that proper books and accounting records are kept in accordance with Sections 281 to 285 of the Companies Act, 2014, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The group's accounting records are kept at National Concert Hall Building, Earlsfort Terrace, Dublin 2.

Statement of Relevant Audit Information

In accordance with Section 330 of the Companies Act 2014:

- 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; and
- each director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of the relevant audit information and to establish that the auditor is aware of that information.

Directors' Responsibilities Statement

The directors are responsible for preparing the directors' report and the group and company financial statements in accordance with Irish law and regulations.

Irish company law requires the directors to prepare financial statements for each financial period. Under the law, the directors have elected to prepare the financial statements in accordance with Companies Act 2014 and accounting standards issued by the Financial Reporting Council, including FRS 102 The Financial Reporting Standard applicable in the UK and Ireland (Generally Accepted Accounting Practice in Ireland) as modified by the Statement of Recommended Practice "Accounting and Reporting by Charities" effective 1 January 2015. 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 company as at the financial period end date and of the profit or loss of the company for the financial period and otherwise comply with the Companies Act 2014.

MUSIC NETWORK COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 the 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 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.

Taxation Status


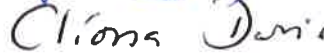
The company is a registered charity and is therefore exempt from Corporation Tax, Income Tax and Capital Gains Tax.

Auditors

The Auditors, JPAS Ltd., Chartered Accountants, continue in office in accordance with section 383(2) of the Companies Act, 2014.

ON BEHALF OF THE BOARD

DIRECTOR

Peter Finnegan

DIRECTOR

Cliona Doris

24 May 2018

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2017**

OPINION

We have audited the financial statements of Music Network Company Limited by Guarantee (the 'company') for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as modified by the Statement of Recommended Practice "Accounting and Reporting by Charities" effective 1 January 2015.

In our opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2014.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard as issued by the Irish Auditing and Accounting Service Authority ("IAASA") Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 21 to the financial statements, 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 the ISAs 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 charity'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.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 COMPANIES ACT 2014

In our opinion, based solely on the work undertaken in the course of the audit:

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

MUSIC NETWORK COMPANY LIMITED BY GUARANTEE

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2017**

- the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited;
- the financial statements are in agreement with the accounting records;
- the information given in the Director's Report is consistent with the financial statements; and
- the Director's Report has been prepared in accordance with the Companies Act 2014.

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 any 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.

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 the directors 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have 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 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 audit report.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This 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 that we are required to state to them in the audit 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 or the company's members as a body for our audit work, for this report, or for the opinions we have formed.


Jill Percival
For and on Behalf of
JPAS Ltd.
Chartered Accountants
and Statutory Audit Firm

24 May 2018

Ardeen House
10/11 Marine Terrace
Dun Laoghaire
Co. Dublin

MUSIC NETWORK COMPANY LIMITED BY GUARANTEE

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

| | Note | Unrestricted Funds Year Ended Dec '17 € | Restricted Funds Year Ended Dec '17 € | Total Funds Year Ended Dec '17 € | Total Funds Period Ended Dec '16 € |
|---|------|--|--|---|---|
| Income | | | | | |
| Grants and donations | 2 | 3,806,246 | 194,994 | 4,001,240 | 2,469,164 |
| <i>Income from Charitable Activities</i> | | | | | |
| Performance fees | 3 | 119,294 | - | 119,294 | 143,372 |
| Investment income | | 126 | - | 126 | 185 |
| Other income | | 12,662 | - | 12,662 | 4,467 |
| Total Income | | 3,938,328 | 194,994 | 4,133,322 | 2,617,188 |
| Expenditure | | | | | |
| <i>Cost of raising funds</i> | | | | | |
| Advertising and promotion | 4 | 118,805 | - | 118,805 | 82,934 |
| <i>Expenditure on Charitable activities</i> | | | | | |
| Musician fees and expenses | 5 | 3,817,375 | 194,994 | 4,012,369 | 2,497,875 |
| Total Expenditure | | 3,936,180 | 194,994 | 4,131,174 | 2,580,809 |
| Net Income and Net Movement in Funds in the Period | | | | | |
| | | 2,148 | - | 2,148 | 36,379 |
| Reconciliation of Funds | | | | | |
| Total Funds Brought Forward | | 6,418 | 31,799 | 38,217 | 1,838 |
| Total Funds Carried Forward | | 8,566 | 31,799 | 40,365 | 38,217 |

Restricted Funds

During the period ended 31 December 2016 the company received a donation of €31,799 to purchase a cello, bow and case as the first acquisitions to the National Instrument Fund. This donation is restricted as to its nature and is included within restricted funds.

There were no recognised gains or losses other than the incomings for the above two financial periods.

MUSIC NETWORK COMPANY LIMITED BY GUARANTEE

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017

| | Note | € | Year Ended Dec '17 € | € | Period Ended Dec '16 € |
|--|------|------------------|-------------------------------|--------------------|---------------------------------|
| Fixed Assets | | | | | |
| Tangible assets | 11 | | 1,937 | | 3,364 |
| Heritage assets | 11 | | <u>31,799</u> | | <u>31,799</u> |
| | | | 33,736 | | 35,163 |
| Current Assets | | | | | |
| Debtors | 12 | 26,287 | | 50,529 | |
| Bank and cash | | <u>859,972</u> | | <u>996,663</u> | |
| | | 886,259 | | 1,047,192 | |
| Current Liabilities | | | | | |
| Creditors | 13 | <u>(879,630)</u> | | <u>(1,044,138)</u> | |
| Net Current Liabilities | | | <u>6,629</u> | | <u>3,054</u> |
| Total Assets less Current Liabilities | | | <u>40,365</u> | | <u>38,217</u> |
| Net Liabilities | | | <u>40,365</u> | | <u>38,217</u> |
| Reserves and Funds | | | | | |
| Unrestricted Funds | 15 | | 8,566 | | 6,418 |
| Restricted Funds | | | <u>31,799</u> | | <u>31,799</u> |
| | | | <u>40,365</u> | | <u>38,217</u> |

The notes on pages 13 to 21 form an integral part of these accounts.

The consolidated financial statements were approved by the Board on the 24 May 2018 and signed on its behalf by

| | | |
|----------|---|----------------|
| Director |  | Peter Finnegan |
| Director |  | Cliona Doris |

MUSIC NETWORK COMPANY LIMITED BY GUARANTEE

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

| | Year Ended Dec '17 € | Period Ended Dec '16 € |
|---|---|---|
| Cashflows from Operating Activities | | |
| Net Income | 2,148 | 36,379 |
| Depreciation | 1,427 | 1,387 |
| (Increase)/Decrease in Debtors | 24,242 | (8,225) |
| Increase/(Decrease) in Creditors | <u>(164,508)</u> | <u>(1,432,494)</u> |
| Net Cash Inflow from Operating Activities | <u>(136,691)</u> | <u>(1,402,953)</u> |
| Cash Flow Statement | | |
| Net Cash Inflow/(Outflow) from Operating Activities | (136,691) | (1,402,953) |
| Capital Expenditure | - | (31,799) |
| | <u>(136,691)</u> | <u>(1,434,752)</u> |
| Reconciliation of Net Cash Flow to Movement in Net Funds (Note 16) | | |
| Change in Cash and Cash Equivalents in the Financial Year | (136,691) | (1,434,752) |
| Cash and Cash Equivalents at the Beginning of the Financial Year | <u>996,663</u> | <u>2,431,415</u> |
| Cash and Cash Equivalents at the End of the Financial Year | <u>859,972</u> | <u>996,663</u> |

**ACCOUNTING POLICIES FOR THE FINANCIAL
YEAR ENDED 31 DECEMBER 2017**

1. Statement of Accounting Policies

Music Network Company Limited by Guarantee is a public benefit entity incorporated in Ireland with a registered office at the National Concert Hall Building, Earlsfort Terrace, Dublin 2.

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

1.1 Accounting Policies

The consolidated financial statements have been prepared in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and with generally accepted accounting principles in Ireland and Irish Statute comprising the Companies Act 2014.

1.2 Basis of Preparation

The consolidated financial statements are prepared on a going concern basis, under the historical cost convention, and comply with the financial reporting standards of the Financial Reporting Council.

The financial statements are prepared in Euro which is the functional currency of the company.

1.3 Basis of Consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary, drawn up to 31 December 2017.

1.4 Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

1.5 Donated Services and Facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1.6 Fund Accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the company's work or for specific projects being undertaken by the company.

1.7 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of publicity and marketing and their associated support costs.
- Expenditure on charitable activities includes musician fees and costs and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

ACCOUNTING POLICIES FOR THE FINANCIAL
YEAR ENDED 31 DECEMBER 2017

1.8 Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs are analysed between cost of raising funds and expenditure on charitable activities. Where costs cannot be directly attributed, they are allocated in proportion to the benefits received. Salaries and associated costs which can be attributed to specific projects are charged accordingly.

1.9 Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation. Depreciation is calculated to write off the cost of fixed assets over their useful lives at the following annual rates:

| | |
|----------------------------------|---|
| Office Equipment | 20% per annum on the straight-line basis. |
| Computer Equipment | 33% per annum on the straight-line basis. |
| Motor Vehicles | 20% per annum on the straight-line basis. |
| Audio Visual Equipment | 33% per annum on the straight-line basis. |
| Fixtures, Fittings and Equipment | 20% per annum on the straight-line basis. |

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

Heritage Assets

During the period ended 31 December 2016 the company implemented the National Instrument Fund. During the year the company purchased a cello, bow and case as part of the company's National Instrument Fund (see note 11). There are no similar assets to disclose for the prior accounting periods.

All additions are capitalised and recognised in the Balance Sheet under Heritage assets. The assets are classified by whether they are bought by or donated by the company. The cost or value of the acquisition is used where such a cost of valuation is reasonably obtainable.

Such assets are not revalued or depreciated. The carrying value of Heritage assets are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying amount may not be recoverable.

1.10 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 Cash at Bank and in Hand

Cash at bank and cash in hand includes cash with a short maturity of three months or less from the date of acquisition or opening of the deposit of similar account.

1.12 Creditors and Provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.13 Financial Instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1.14 Pensions

Retirement benefits are met by payments to a defined contribution pension fund. Contributions payable to the pension scheme are charged to the statement of financial activities as they fall due. The assets are held separately from those of the company in an independently administered fund. Differences between the amount charged in the statement of financial activity and payments made to the pension fund are treated as assets or liabilities.

1.15 Critical Accounting Judgements and Estimates

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Establishing useful economic lives for depreciation purposes of property, plant and equipment

Long lived assets, consisting primarily of, fixtures, fittings and equipment, comprise a significant portion of total assets. The annual depreciation charge depends primarily on the estimated useful economic lives of each type of asset and estimates of residual value. The directors regularly review these asset useful economic lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset useful lives can have a significant impact on depreciation and amortisation charges for the period. Detail of the useful economic lives is included in the accounting policies.

2. Income From Grants and Donations

| | Year Ended Dec '17 € | Period Ended Dec '16 € |
|-----------------------------|---|---|
| Arts Council Core Grant (i) | 518,000 | 386,250 |
| Other Arts Council Grant | 120,168 | 344,159 |
| Other Grant Aid | 3,196,284 | 1,587,408 |
| Donation | - | 31,799 |
| Friends Scheme | 4,508 | 2,500 |
| Donations in Kind | 162,280 | 117,048 |
| | <u>4,001,240</u> | <u>2,469,164</u> |

(i) Arts Council Funds

| | |
|-----------------------------------|--|
| Name of Grant | Annual Funding Grant 2017 |
| Purpose of Grant | Contribution to operating and artistic programming costs |
| Grant Amount Awarded and Received | €518,000 |
| Term | Expires 31 st December 2017 |
| Income 2017 | €518,000 |
| Expenditure 2017 | €518,000 |

The company has adequate financial controls in place to manage granted funds.

Other Grant Aid includes €2,979,229 relating to Music Generation DAC and Other Arts Council Grant Income of €89,992 relating to Music Generation DAC.

MUSIC NETWORK COMPANY LIMITED BY GUARANTEE

**NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

3. Income From Charitable Activities

| | Year Ended Dec '17 | Period Ended Dec '16 |
|------------------------------|-----------------------------------|-------------------------------------|
| | € | € |
| Promoter and Box Office Fees | 119,294 | 143,372 |
| | <u>119,294</u> | <u>143,372</u> |

4. Cost of Raising Funds

| | Year Ended Dec '17 | Period Ended Dec '16 |
|---------------------------|-----------------------------------|-------------------------------------|
| | € | € |
| Advertising and Promotion | 33,805 | 23,846 |
| Donations in Kind | 85,000 | 59,088 |
| | <u>118,805</u> | <u>82,934</u> |

5. Analysis of Expenditure on Charitable Activities

| | Year Ended Dec '17 | Period Ended Dec '16 |
|-------------------------------|-----------------------------------|-------------------------------------|
| | € | € |
| Musician Fees and Expenses | 3,039,878 | 1,757,011 |
| Support Costs (see note 6) | 715,944 | 542,239 |
| Governance Costs (see note 6) | 179,267 | 140,665 |
| Donations in Kind | 77,280 | 57,960 |
| | <u>4,012,369</u> | <u>2,497,875</u> |

6. Analysis of Governance and Support Costs

The company initially identifies costs of its support functions. It then identifies those costs which relate to the governance function. Having identified the governance costs, the remaining support costs together with governance costs are apportioned between the key charitable activities undertaken (see note 5) in the period. Refer to the table below for the basis of apportionment and the analysis of support and governance costs.

| | Support Costs | Governance Costs | Total Costs | Basis of Apportionment |
|-------------------------|--------------------------|-----------------------------|------------------------|-----------------------------------|
| | € | € | € | |
| General Office | 188,284 | 28,135 | 216,419 | Usage |
| Finance Costs | 1,093 | 364 | 1,457 | Usage |
| Payroll Expenses | 524,567 | 131,142 | 655,709 | Usage |
| Legal and Professional | 2,000 | 8,491 | 10,491 | Governance |
| Audit and Accounts Fees | - | 11,135 | 11,135 | Governance |
| | <u>715,944</u> | <u>179,267</u> | <u>895,211</u> | |

7. Net Income for the Period

Net income is stated after charging the following

| | Year Ended Dec '17 | Period Ended Dec '16 |
|------------------------|-----------------------------------|-------------------------------------|
| | € | € |
| Auditors' remuneration | 11,135 | 9,868 |
| Depreciation | 1,427 | 1,387 |
| | <u>12,562</u> | <u>11,255</u> |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8. Employees

| | Year Ended Dec '17 | Period Ended Dec '16 |
|---|--------------------------|----------------------------|
| Number of employees | | |
| The average monthly number of employees (including directors) during the period was as follows: | | |
| Management | 2 | 2 |
| Administration | 11 | 8 |
| | <u>11</u> | <u>8</u> |
| Analysis of Staff Costs and the Cost of Key Management Personnel | | |
| | € | € |
| Wages and salaries | 570,834 | 376,955 |
| Employers PRSI | 48,890 | 40,362 |
| Pension costs | 31,699 | 25,270 |
| | <u>651,423</u> | <u>442,587</u> |

The number of higher paid employees was:

| | Year Ended Dec '17 | Period Ended Dec'16 |
|---------------------|--------------------------|---------------------------|
| €60,000 to €70,000 | 2 | 1 |
| €80,000 to €90,000 | - | 1 |
| €90,000 to €100,000 | 1 | - |
| | <u>2</u> | <u>2</u> |

None of the directors received emoluments or payments for professional or other services during the period.

9. Taxation

The company is a registered charity and is therefore exempt from Corporation Tax, Income Tax and Capital Gains Tax.

10. Retirement Benefits

| | Year Ended Dec'17 | Period Ended Dec '16 |
|---------------------|-------------------------|----------------------------|
| | € | € |
| Retirement Benefits | 31,699 | 25,270 |
| | <u>31,699</u> | <u>25,270</u> |

The group operates an externally funded defined contribution scheme that covers all the employees of the charity. The assets of the scheme are vested in independent trustees for the sole benefit of the employees.

The defined contribution scheme charge for year ended 31 December 2017 was €31,699 (Period ended 31 December 2016: €25,270). Pension costs which are attributable to a particular activity are allocated directly to that activity. Where pension costs are incurred to further more than one activity they are apportioned between the relevant activities based on the amount of staff time which each activity absorbs. Defined contribution pension costs are paid from unrestricted funds.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

11. Tangible Assets

| | Motor Vehicles € | Office Equipment € | Computer Equipment € | A/V Equipment € | Musical Instruments € | Total € |
|---------------------------------|------------------------|--------------------------|----------------------------|-----------------------|-----------------------------|---------------|
| Cost | | | | | | |
| At 1 January 2017 | 38,050 | 14,923 | 10,258 | 4,480 | 16,784 | 84,495 |
| Additions | - | - | - | - | - | - |
| At 31 December 2017 | <u>38,050</u> | <u>14,923</u> | <u>10,258</u> | <u>4,480</u> | <u>16,784</u> | <u>84,495</u> |
| Accumulated Depreciation | | | | | | |
| At 1 January 2017 | 38,050 | 14,918 | 6,899 | 4,480 | 16,784 | 81,131 |
| Charge for period | - | - | 1,427 | - | - | 1,427 |
| At 31 December 2017 | <u>38,050</u> | <u>14,918</u> | <u>8,326</u> | <u>4,480</u> | <u>16,784</u> | <u>82,558</u> |
| Net Book Amount | | | | | | |
| At 1 January 2017 | <u>-</u> | <u>5</u> | <u>3,359</u> | <u>-</u> | <u>-</u> | <u>3,364</u> |
| At 31 December 2017 | <u>-</u> | <u>5</u> | <u>1,932</u> | <u>-</u> | <u>-</u> | <u>1,937</u> |

Heritage Assets

| Basis of Capitalisation | At Cost € | Total € |
|--|---------------|---------------|
| Carrying Amount at Beginning of the Reporting Year | 31,799 | 31,799 |
| Additions | - | - |
| Carrying Amount at End of the Reporting Year | <u>31,799</u> | <u>31,799</u> |

Heritage assets are valued as they are added to the National Instrument Fund. During the period ended 31 December 2016 the company purchased a cello, bow and case. These are the first additions to the company National Music Instrument Fund. A donation was received to purchase these assets, amounting to €31,799. This donation is included within restricted funds at 31 December 2017 (see note 15).

Heritage assets acquired during the past five years (2012-2016) are disclosed in the table below:

| | 2012 € | 2013 € | 2014 € | 2015 € | 2016 € |
|---------------------------|------------|------------|------------|------------|---------------|
| Heritage Assets Purchased | <u>Nil</u> | <u>Nil</u> | <u>Nil</u> | <u>Nil</u> | <u>31,799</u> |

12. Debtors

| | Year Ended Dec '17 € | Period Ended Dec '16 € |
|----------------|-------------------------------|---------------------------------|
| Trade debtors | 8,340 | 23,028 |
| Sundry debtors | 3,909 | 16,384 |
| Prepayments | 14,038 | 11,117 |
| | <u>26,287</u> | <u>50,529</u> |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

13. Creditors: amounts falling due within one year

| | Year Ended Dec '17 | Period Ended Dec'16 |
|---------------------------|--------------------------|---------------------------|
| | € | € |
| Trade Creditors | 26,041 | 46,191 |
| Sundry Creditors | 238 | 238 |
| Credit Card | 5,667 | 147 |
| Accruals | 83,539 | 75,896 |
| Deferred Income (Note 14) | 726,114 | 890,261 |
| VAT | 7,470 | 6,852 |
| PAYE Account | 7,970 | 8,076 |
| PRSI Account | 7,029 | 6,707 |
| USC Account | 1,812 | 1,894 |
| Pension Liability | 13,750 | 7,876 |
| | <u>879,630</u> | <u>1,044,138</u> |

(i) No balances are repayable on demand or have interest accrued

14. Deferred Income

| | Year Ended Dec '17 | Period Ended Dec '16 |
|--|--------------------------|----------------------------|
| | € | € |
| At 1 Jan 2017 | 890,261 | 1,223,991 |
| Arts Council increase/(decrease) in period | <u>(156,553)</u> | <u>(118,958)</u> |
| | 733,708 | 1,105,033 |
| Other Grant increase/(decrease) in period | <u>(7,594)</u> | <u>(214,772)</u> |
| At 31 December 2017 | <u>726,114</u> | <u>890,261</u> |

Deferred Income is comprised of grant income received but where the performance conditions attached to these grants was not met at 31 December 2017.

15. Consolidated Charitable Funds

| | Opening Funds Period Ended Dec'16 € | Income Year Ended Dec '17 € | Expenditure Year Ended Dec'17 € | Closing Funds Year Ended Dec '17 € |
|-------------------------------------|--|---|---|---|
| Unrestricted Funds | 6,418 | 856,695 | 854,305 | 8,808 |
| Restricted Funds – Music | - | 194,994 | 194,994 | - |
| Restricted Funds – Heritage Asset | 31,799 | - | - | 31,799 |
| Designated Funds – Music Generation | - | 3,081,633 | 3,081,875 | (242) |
| Total funds | <u>38,217</u> | <u>4,133,322</u> | <u>4,131,174</u> | <u>40,365</u> |

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

15. Consolidated Charitable Funds - continued

Restricted Fund – Heritage Asset

During the period ended 31 December 2016 the company received a donation to purchase a cello, bow and case as the first acquisitions to the National Instrument Fund. This donation is restricted as to its nature and is included within restricted funds.

15.1 Consolidated Charitable Funds – Consolidated Funds Comprise the Following:

| | Opening Funds Period Ended Dec '16 € | Income Year Ended Dec'17 € | Expenditure Year Ended Dec '17 € | Closing Funds Year Ended Dec '17 € |
|------------------|---|--|--|---|
| Music Network | 38,217 | 1,051,689 | 1,049,299 | 40,607 |
| Music Generation | - | 3,081,633 | 3,081,875 | (242) |
| Total funds | <u>38,217</u> | <u>4,133,322</u> | <u>4,131,174</u> | <u>40,365</u> |

16. Analysis of Changes in Net Funds

| | Opening Balance Period Ended Dec '16 € | Cash Flows Year Ended Dec '17 € | Closing Balance Year Ended Dec'17 € |
|--------------------------|---|--|--|
| Cash at Bank and in Hand | <u>996,663</u> | <u>(136,691)</u> | <u>859,972</u> |
| | <u>996,663</u> | <u>(136,691)</u> | <u>859,972</u> |

17. Subsidiaries

At 31 December 2017, the company had the following principal subsidiaries:

| Subsidiary | Company Share | Activity |
|----------------------|------------------|-----------------------------|
| Music Generation DAC | 100% | Music Education Development |

All shares are ordinary shares. The subsidiary's registered office is that of the parent company.

The subsidiary has a year end of 31 December 2017. All transactions of the subsidiary up to 31 December 2017 have been included in the consolidated financial statements.

18. Related Party Transactions

The company has identified the following transactions which are required to be disclosed under the terms of "Related Party Disclosures".

Music Generation DAC

Music Generation DAC is a 100% subsidiary of Music Network CLG. In accordance with FRS 102 – Related Party Disclosures, transactions with subsidiaries have been eliminated on consolidation.

19. Capital

The company is limited by guarantee. Each guarantor signed the Constitution offering a guarantee of €1 each.

**NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

20. Comparatives

During 2016, the company changed its year end from 31 March to 31 December 2016. The financial statements have been prepared for the 12 months ending 31 December 2017. The comparatives represent the 9 months ended 31 December 2016.

21. APB Ethical Standards – Provisions Available to Small Entities

In common with other organisations of our size and nature the directors engage the auditors to assist in the preparation of the consolidated financial statements.

22. Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the Board on 24 May 2018 and signed on its behalf by

Peter Finnegan



Cliona Doris