

WALSH  
O'BRIEN  
HARNETT

**Music Generation Designated Activity Company**

**Directors' Report and Financial Statements**

**for the year ended 31st December 2019**

## Music Generation Designated Activity Company

### Company Information

<b>Directors</b>	Leo Blennerhassett Pat Burke Anna Marie Delaney Martin Drury John Kelly David Leahy Deirdre McCrea Mel Mercier James Morris Chantal O'Sullivan
<b>Secretary</b>	Pat Burke
<b>Company Number</b>	491331
<b>CHY Number</b>	CHY 19679
<b>Registered Office</b>	National Concert Hall Building Earlsfort Terrace Dublin 2
<b>Independent Auditors</b>	Walsh O'Brien Harnett 104 Lower Baggot Street, Dublin 2.
<b>Business Address</b>	National Concert Hall Building, Earlsfort Terrace, Dublin 2.

## Music Generation Designated Activity Company

### Contents

	<b>Page</b>
Directors' Report	1 - 3
Statement of Directors' Responsibilities	4
Independent Auditors' Report	5 - 6
Statement of Financial Activities	7
Balance Sheet	8
Cash Flow Statement	9
Notes to the Financial Statements	10 - 15
Supplementary Financial Information	16 - 17

## **Music Generation Designated Activity Company**

### **Directors' Report for the year ended 31st December 2019**

#### **Audited Financial Statements**

The directors present their report and the audited financial statements for the year ended 31st December 2019.

#### **Principal Activity**

The principal activity of the company is to advance education by devising, launching and maintaining a programme of grant and other supports to be provided to local Music Education Partnerships, as a means of creating or assisting to create opportunities for children and young people in Ireland to, receive instrumental and vocal education and tuition throughout Ireland.

#### **Review of Business and Future Developments**

Phase 1 of the programme is now sustainably co-funded by the Irish Government through the Department of Education and Skills, which is matched by Local Music Education Partnerships. Additional philanthropic funding committed in 2015 enabled the expansion of the programme in 9 new Local Music Education Partnership areas of the country (Phase 2, 2017-2022). In December 2017, this Irish Government announced its commitment to support the national expansion of Music Generation by 2022, 5 new Local Music Education Partnerships commenced in 2019.

At the time of approving the financial statements, the company is exposed to the effects of the Covid-19 pandemic which has had a negative effect on its activities since the year end and has resulted in a lower than expected level of activity since the year end. In planning its future activities, the Directors will seek to develop the company's activities whilst managing the effects of the difficult financial period caused by this outbreak.

#### **Principal Risks and Uncertainties**

The directors are responsible for the company's system of internal controls and for reviewing its effectiveness. The internal control system is designed to manage, rather than eliminate the risk of failure to achieve the company's business objectives and can only provide reasonable and not absolute assurance against material misstatements or loss.

In the first half of 2020, the outbreak of Covid-19 spread throughout Asia, Europe and Worldwide. The initial impact of this has been severe and has resulted in a significant worldwide slowdown in economic activity. In Ireland, the economic impact of this pandemic has been characterised by the temporary closure of many businesses in "non-essential" areas to ensure that people's movements are restricted in order to slow down the spread of the virus. The effect of Covid-19 presents many risks for the company, the effects of which cannot be fully quantified at the time of approving the financial statements. As a result, Directors consider the implications of the Covid-19 pandemic to be a significant uncertainty at the time of approving the financial statements.

## **Music Generation Designated Activity Company**

### **Directors' Report for the year ended 31st December 2019**

Although the effects cannot be fully determined, Directors believe that the main risks associated with Covid-19 are as follows;

- an initial slow down in activity
- a prolonged period of government recommendations and restrictions on the movement of people to contain the virus

#### **Results**

The results for the year are set out in the Statement of Financial Activities on page 7.

#### **Directors and their Interests**

The directors who served throughout the year, except as noted, were as follows:

Leo Blennerhassett  
Pat Burke  
Anna Marie Delaney  
Cliona Doris (Resigned 1st July 2019)  
Martin Drury  
John Kelly (Appointed 10th October 2019)  
David Leahy  
Deirdre McCrea  
Mel Mercier (Appointed 13st December 2019)  
James Morris  
Chantal O'Sullivan  
Bill Whelan (Resigned 1st July 2019)

The following served as company secretary during the year:-

Cathriona Grange (Resigned 2nd October 2019)  
Pat Burke (Appointed 2nd October 2019)

#### **Post Balance Sheet Events**

In the first half of 2020, the Covid-19 virus spread worldwide. In common with many other countries, the Irish government issued guidance and restrictions on the movement of people designed to slow the spread of this virus. In early March 2020, many businesses closed voluntarily and throughout the month more restrictions were placed on people and businesses. On 28th March, all non-essential businesses were ordered to close temporarily.

The Company reacted to these conditions by enabling staff to work from home. This has resulted in the company remaining operational during the period.

**Music Generation Designated Activity Company**

**Directors' Report  
for the year ended 31st December 2019**

**Accounting Records**

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


**Independent Auditors**

The auditors, Walsh O'Brien Harnett, (Chartered Accountants) have indicated their willingness to continue in office in accordance with the provisions of section 383(2) of the Companies Act 2014.

**On behalf of the Board**



Director



Director

Date: 12/6/2020

## Music Generation Designated Activity Company

### Statement of Directors' Responsibilities

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

Irish company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council. 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 year end date and of the surplus or deficit of the company for the financial year and otherwise comply with the Companies Act 2014.

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

- select suitable accounting policies for the company financial statements 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 the transactions of the company, enable at any time the assets, liabilities, financial position and surplus or deficit of the company to be determined with reasonable accuracy and 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.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditor in connection with preparing the auditor's report) of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On Behalf of the Board



Director



Director

Date: 12/6/2020

## **Music Generation Designated Activity Company**

### **Independent Auditors' Report to the Shareholders of Music Generation Designated Activity Company**

#### **Opinion**

We have audited the financial statements of Music Generation Designated Activity Company for the year ended 31st December 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related 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 31st December 2019 and of its net movement in funds for the period then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

#### **Basis for opinion**

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

#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual 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.



## **Music Generation Designated Activity Company**

### **Independent Auditors' Report to the Shareholders of Music Generation Designated Activity Company**

#### **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.

#### **Respective responsibilities**

##### **Responsibilities of directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operation, 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 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: <[www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8fa98202dc9c3a/Description\\_of\\_auditor's\\_responsibilities\\_for\\_audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8fa98202dc9c3a/Description_of_auditor's_responsibilities_for_audit.pdf)> The 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 shareholders, as a body. Our audit work has been undertaken so that we might state to the company's shareholders 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 any responsibility to anyone other than the company and the company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.



**Andrew Kevitt FCA**

**For and on behalf of Walsh O'Brien Harnett,  
Chartered Accountants and Statutory Audit Firm,  
104 Lower Baggot Street,  
Dublin 2.  
18th June 2020**

Music Generation Designated Activity Company


Statement of Financial Activities  
for the year ended 31st December 2019

	Notes	Unrestricted Funds 2019 €	Restricted Funds 2019 €	Total Funds 2019 €	Total Funds 2018 €
<b>Income</b>					
Charitable Activities					
- Grants from Government and other co-funders	4	5,175,317	-	5,175,317	3,636,257
Other income		3,984	-	3,984	15,075
<b>Total Income</b>		<b>5,179,301</b>	<b>-</b>	<b>5,179,301</b>	<b>3,651,332</b>
<b>Expenditure</b>					
Charitable activities	5	5,179,301	-	5,179,301	3,651,332
<b>Total Expenditure</b>		<b>5,179,301</b>	<b>-</b>	<b>5,179,301</b>	<b>3,651,332</b>
<b>Net movement in funds for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of funds</b>					
Balances brought forward at 1st January 2019		(246)	-	(246)	(246)
<b>Balances carried forward at 31st December 2019</b>		<b>(246)</b>	<b>-</b>	<b>(246)</b>	<b>(246)</b>

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure relate to continuing activities.

The financial statements were approved by the board and signed on its behalf by

  
Director

  
Director

Date: 12/6/2020

Music Generation Designated Activity Company

Balance Sheet  
as at 31st December 2019

	Notes	2019 €	2018 €
<b>Current Assets</b>			
Debtors	8	6,718	4,659
Cash at bank and in hand		803,991	1,014,885
		<u>810,709</u>	<u>1,019,544</u>
<b>Creditors: amounts falling due within one year</b>			
	9	(810,953)	(1,019,788)
<b>Net Current (Liabilities)</b>		<u>(244)</u>	<u>(244)</u>
<b>Total Assets Less Current Liabilities</b>		<u>(244)</u>	<u>(244)</u>
<b>Capital and Reserves</b>			
Called up share capital	10	2	2
Accumulated Funds		(246)	(246)
<b>Shareholders Funds</b>	11	<u>(244)</u>	<u>(244)</u>

The financial statements were approved by the Board and signed on its behalf by

Director

Director

Date: 12/16/2020

Music Generation Designated Activity Company

Cash Flow Statement

	2019	2018
Notes	€	€
<b>Cash flows from Operating Activities</b>		
Surplus for the year	-	-
(Increase) in debtors	(2,059)	(1,736)
(Decrease)/ Increase in creditors	(208,835)	243,783
<b>Net cash (outflow)/ inflow from Operating Activities</b>	<b>(210,894)</b>	<b>242,047</b>
<b>Cash flow from Investing Activities</b>		
<b>Net cash inflow from Investing Activities</b>	<b>-</b>	<b>-</b>
(Decrease)/ Increase in cash in the year	(210,894)	242,047
Balance at 1st January 2019	1,014,885	772,838
Balance at 31st December 2019	803,991	1,014,885

The financial statements were approved by the Board and signed on its behalf by

  
Director

  
Director

Date: 12/1/2020

## **Music Generation Designated Activity Company**

### **Notes to the Financial Statements for the year ended 31st December 2019**

#### **1. Accounting Policies**

##### **1.1 Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and voluntarily with Accounting and Reporting by Charities: 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 (FRS 102).

The financial statements have been prepared under the historical cost convention with items initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to the accounts.

##### **1.2 Fund accounting**

The following are the categorises of funds maintained:

###### **Restricted funds**

Restricted funds are accounted for in accordance with the particular terms of trust arising from the express or implied wishes of donors in so far as these are intended to be binding, they are taken into account and recognised in appropriately designated funds.

###### **Unrestricted funds**

Unrestricted funds represent amounts which are expendable at the discretion of the directors in furtherance of the objectives of the company and which have not been distinguished for other purposes. Such funds may be held in order to finance working capital or capital expenditure.

##### **1.3 Income**

Incoming resources represent funding received from the Ireland Funds, The Department of Education and Skills and the Arts Council to carry out the activities of Music Generation Designated Activity Company. Voluntary income is included in the Statement of Financial Activities when the company is legally entitled to it, its financial value can be quantified with reasonable certainty and there is reasonable certainty of its ultimate receipt. Income received in advance of due performance under a contract is accounted for as deferred income until earned. Grants for activities are recognised as income when the related conditions for legal entitlement have been met. All other income is accounted for on an accruals basis.

##### **1.4 Expenditure**

All resources expended are accounted for on an accruals basis. Charitable activities include costs of services, grants and support costs.

##### **1.5 Taxation**

There is no charge for taxation as the company has been granted charitable status by the Revenue Commissioners.

## Music Generation Designated Activity Company

### Notes to the Financial Statements for the year ended 31st December 2019

#### 1.6 Debtors

Debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Income recognised by the the company from government agencies and other co-funders, but not yet received at year end, is included in debtors

#### 1.7 Trade and other creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

#### 2. Provisions Available for Small Entities

In common with many other charitable companies of our size and nature, we use our auditors to assist with the preparation of the financial statements.

#### 3. Going Concern

Music Generation Designated Activity Company operates on a breakeven basis each year and has deferred income of €627,474 at 31st December 2019 to part fund 2020.

During the first quarter of 2020, The Covid-19 pandemic has spread initially from Asia to Europe and subsequently worldwide. The initial economic effect of this has been a worldwide slowdown in economic activity and the loss of jobs across many businesses. In Ireland there are restrictions placed on non-essential businesses which has resulted in many businesses temporarily closing in measures designed to restrict the movement of people and to slow down the spread of the virus.

Music Generation Designated Activity Company has continued to operate during this period and has not seen a significant effect on its activities as a result of the virus. The directors have prepared budgets for the upcoming 12 months which show that the company will continue as a going concern.

The financial statements have been prepared on a going concern basis.

#### 4. Grants from Funders

	Unrestricted Funds 2019 €	Restricted Funds 2019 €	Total 2019 €	Total 2018 €
Ireland Funds	1,578,825	-	1,578,825	872,544
Department of Education & Skills	3,485,000	-	3,485,000	2,565,000
Arts Council	111,492	-	111,492	198,713
	<u>5,175,317</u>	<u>-</u>	<u>5,175,317</u>	<u>3,636,257</u>

**Music Generation Designated Activity Company**

**Notes to the Financial Statements  
for the year ended 31st December 2019**

**5. Expenditure - Charitable Activities**

	<b>Unrestricted Funds 2019 €</b>	<b>Restricted Funds 2019 €</b>	<b>Total 2019 €</b>	<b>Total 2018 €</b>
Local Music Education Partnership Payments-Ireland Funds	1,413,035	-	1,413,035	688,632
Local Music Education Partnership Payments- Department of Education & Skills	2,686,645	-	2,686,645	2,200,000
Arts Council Partnership Payments	103,992	-	103,992	187,213
Local Music Education Partnership Supports	384,050	-	384,050	73,829
Payroll costs	459,840	-	459,840	415,064
Other Overhead Expenditure	131,739	-	131,739	86,594
	<u>5,179,301</u>	<u>-</u>	<u>5,179,301</u>	<u>3,651,332</u>

## Music Generation Designated Activity Company

### Notes to the Financial Statements for the year ended 31st December 2019

#### 6. Employees

##### Number of employees

The average numbers of employees during the year were:

	2019 Number	2018 Number
CEO	1	1
Staff	6	6
	<u>7</u>	<u>7</u>

##### Employment costs

	2019 €	2018 €
Wages and salaries	380,316	343,284
Social welfare costs	41,581	37,201
Pension costs	32,064	29,459
Permanent Health Insurance	5,879	5,120
	<u>459,840</u>	<u>415,064</u>

##### Salary Range

One individual received a salary in excess of €60,000 per annum in 2019 as follows (2018:2):-

	2019	2018
€60,001 to €70,000	-	1
€70,001 to €80,000	-	-
€80,001 to €90,000	-	-
€90,001 to €100,000	1	1

#### 7. Taxation

No charge to taxation arises as the company has been granted charitable status by the Revenue Commissioners.

#### 8. Debtors

	2019 €	2018 €
Prepayments	<u>6,718</u>	<u>4,659</u>



**Music Generation Designated Activity Company**

**Notes to the Financial Statements  
for the year ended 31st December 2019**

<b>9.</b>	<b>Creditors: amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
		€	€
	Trade creditors	66,465	32,364
	Amounts owed to group undertaking	1,045	7,919
	Other taxes and social security costs	12,016	10,885
	Deferred Income:-		
	Philanthropic Funding	563,861	842,686
	Arts Council Funding	63,614	25,106
	Accruals and other creditors	103,952	100,828
		810,953	1,019,788

**9.1 Deferred Income**

Grant	Opening Deferred Income €	Grants Received €	Taken to Income €	Closing Deferred Income €
The Arts Council	25,106	150,000	(111,492)	63,614

**Arts Council Funds**

**Name of Grant:** Music Generation/Arts Council Partnership  
2017-2020

**Purpose of Grant:** To respond to Music Education Partnerships  
developmental needs

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

<b>10.</b>	<b>Share capital</b>	<b>2019</b>	<b>2018</b>
		€	€
	<b>Authorised Equity:</b>		
	100,000 Ordinary Shares of €1 each	100,000	100,000
	<b>Allotted, Called up and fully paid:</b>		
	2 Ordinary Shares of €1 each	2	2

## Music Generation Designated Activity Company

### Notes to the Financial Statements for the year ended 31st December 2019

<b>11. Reconciliation of movements in shareholders' funds</b>	<b>2019</b>	<b>2018</b>
	€	€
Opening shareholders' funds	(244)	(244)
Deficit for the year	-	-
Closing shareholders' funds	<u>(244)</u>	<u>(244)</u>

#### **12. Ultimate Parent Undertaking**

The company is 100% owned by Music Network Company Limited by Guarantee.

#### **13. Designated Funds**

All funds received by the company are used to advance education by devising, launching and maintaining a programme of grant and other supports to be provided to Local Music Education Partnerships, as a means of creating or assisting to create opportunities for children and young people in Ireland to, receive instrumental and vocal education and tuition throughout Ireland.

#### **14. Post Balance Sheet events**

In the first half of 2020, the Covid-19 virus spread worldwide. In common with many other countries, the Irish government issued guidance and restrictions on the movement of people designed to slow the spread of this virus. In early March 2020, many businesses closed voluntarily and throughout the month more restrictions were placed on people and businesses. On 28th March, all non-essential businesses were ordered to close temporarily.

At the time of approving the financial statements, there is uncertainty regarding how the balance sheet may be impacted based on events since the year end and as a result an estimate of its financial effect cannot be made.

#### **15. Approval of financial statements**

The financial statements were approved by the Board and authorised for issue on 12th June 2020.