
MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

COMPANY INFORMATION

Directors	Ned Fahy Michael Hannigan Marc O'Sullivan Lee Jenkins (British) Padraigin O'Donoghue (appointed 15 September 2018)
Company secretary	Patrick Cotter
Registered number	306868
Registered office	Frank O'Connor House 84 Douglas Street Cork
Independent auditors	Crowleys DFK Unlimited Company Chartered Accountants and Statutory Audit Firm 5 Lapps Quay Cork
Bankers	Allied Irish Bank Patrick Street Cork
Solicitors	John J Murphy & Co Courthouse Chambers Washington Street Cork

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

CONTENTS

	Page
Directors' Report	1 - 3
Directors' Responsibilities Statement	4
Independent Auditors' Report	5 - 8
Income and Expenditure Account	9
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Reserves	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 - 22
Detailed Income and Expenditure Account and Summaries	23 - 25

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the company is to promote the work and lives of Munster writers past and present.

Objectives and Activities

The objectives of the Munster Literature Centre are to create an environment which the centre can nurture and develop authors at all stages of their careers and foster good literary citizenship, inspire a love of literature in the general public and an awareness of living literature being created in their midst, establish an interacting creative community of writers and readers, project Cork City to the world as a creative centre where literature adds to the personal fulfillment of the individual, establish international contacts which encourage inward movement of writers to enrich and augment the creative life of the city and facilitate Cork and Munster writers in reaching abroad and to celebrate the City's long-established literary heritage.

Activities by which Munster Literature Centre achieve these objectives include, among others, literary festivals, publications, literary prizes and competitions, writers' workshops, fellowships, residencies, bursaries, mentoring and networking.

Business review

The company reported an increase in income during the year. At 31 December 2018, the company was at a surplus position. The directors believe that similar results will be reported for the year ended 31 December 2019.

Reserves Policy

Reserves are required by the company to bridge the funding gaps between spending on activities and receiving resources through grants, book sales, artistic revenues and donations. Whilst the current level of reserves may prove sufficient, it is the directors' view that it is prudent to ensure that there are sufficient reserves to provide financial flexibility.

Munster Literature Centre aspires to have a reserve of one third of annual income to cover the following contingencies:

- To fund working capital;
- To fund unexpected expenditure, for example when projects overrun or unplanned events occur; and
- To fund shortfalls in income, when income does not reach expected levels.

Directors

The directors who served during the year were:

Ned Fahy
Michael Hannigan
Marc O'Sullivan
Lee Jenkins
Padraigin O'Donoghue (appointed 15 September 2018)

Secretary

The company secretary that served during the year was Patrick Cotter.

Directors and secretary and their interests

The company is a company limited by guarantee therefore the directors and secretary do not have beneficial interest on the company.

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Principal risks and uncertainties

The directors are aware of the major risks to which the company is exposed, in particular those related to the operations and the finances of the company and are satisfied that systems are in place to mitigate exposure to major risks. The Board reviews and agrees policies for the prudent management of these risks as follows:

a) Income risk

The company's income is exposed to fluctuations in funding available from the Arts Council and Cork City Council, in particular, and changes in general economic conditions in Ireland. The company has considered the risks prevalent and is pro active in trying to directly generate its own income.

b) Currency risk

The company operates solely in the Republic of Ireland. Therefore, the company is not subject to significant currency risks.

c) Finance and interest rate risk

The company does not rely on significant borrowings and the company has a minimal exposure to interest rate risk.

d) Liquidity and cash flow risk

The company is in a strong liquid position and does not foresee any cash flow risk in the near future. The company's policy is to ensure that sufficient resources are available from cash balances, cash flows and near liquid investments to ensure all obligations can be met when they fall due.

e) Credit risk

The company operates predominately on a cash basis, therefore, the company is not exposed to significant credit risk.

Accounting records

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately competent personnel and the maintenance of computerised accounting records. The company's accounting records are maintained at the company's registered office at 84 Douglas Street, Cork.

Future developments

The directors wish to continue their present activities.

Statement on relevant audit information

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the company since the year end.

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

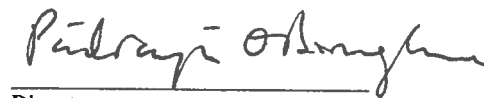
Auditors

The auditors, Crowleys DFK Unlimited Company, continue in office in accordance with section 383(2) of the Companies Act 2014.

This report was approved by the board and signed on its behalf.


Director

Date: 4/5/17


Director

Date: 4/5/17

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

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

Irish company law requires the directors to prepare the 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 '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, of the profit or loss for that financial year and otherwise comply with the Companies Act 2014.

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

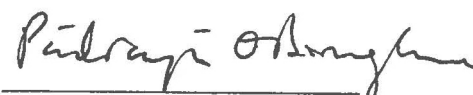
- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify 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 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.

On behalf of the board


Director

Date: 4/9/19


Director

Date: 4/9/19

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUNSTER LITERATURE CENTRE

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Munster Literature Centre (the 'Company') for the year ended 31 December 2018, which comprise the Income and Expenditure Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is Irish law and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2018 and of its surplus for the year ended.
- have been properly prepared in accordance with the Financial Reporting Standards 102 'The Financial Reporting Standards applicable in the UK and the 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 Auditors' 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 financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and the provisions available for small entities, in the circumstances set out in note 15 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 ISA (Ireland) 570 requires 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.

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUNSTER LITERATURE CENTRE
(CONTINUED)

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 Auditors' 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.

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the Directors' Report is consistent with the financial statements; and
- in our opinion, the Directors' Report has been prepared in accordance with applicable legal requirements.

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

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited, and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified 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.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 4, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUNSTER LITERATURE CENTRE
(CONTINUED)

Auditors' 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 Auditors' 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.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 the 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 appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

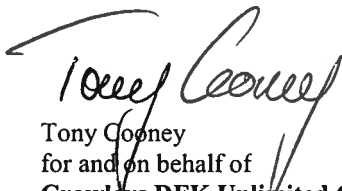
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUNSTER LITERATURE CENTRE
(CONTINUED)

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 we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Tony Cooney
for and on behalf of
Crowleys DFK Unlimited Company
Chartered Accountants and Statutory Audit Firm

4 September 2019

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €	2017 €
Income	4	287,245	273,711
Direct costs		(164,460)	(168,468)
Gross surplus		<u>122,785</u>	<u>105,243</u>
Administrative expenses		(108,569)	(100,785)
Operating surplus	5	14,216	4,458
Interest payable and similar charges		(222)	(245)
Surplus for the financial year		<u><u>13,994</u></u>	<u><u>4,213</u></u>

The notes on pages 14 to 22 form part of these financial statements.

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

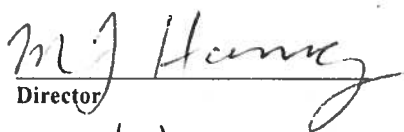
	Note	2018 €	2017 €
Surplus/(deficit) for the financial year		13,994	4,213
Other comprehensive income		-	-
Total comprehensive income for the financial year		13,994	4,213

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 €	2017 €
Fixed assets			
Tangible assets	8	1	245
		<u>1</u>	<u>245</u>
Current assets			
Stocks	9	5,472	15,258
Debtors: amounts falling due within one year	10	10,205	8,025
Cash at bank and in hand	11	47,616	38,286
		<u>63,293</u>	<u>61,569</u>
Creditors: amounts falling due within one year	12	(5,996)	(18,510)
Net current assets		<u>57,297</u>	<u>43,059</u>
Total assets less current liabilities		<u>57,298</u>	<u>43,304</u>
Net assets		<u><u>57,298</u></u>	<u><u>43,304</u></u>
Capital and reserves			
Capital reserve		7,573	7,573
Retained earnings		49,725	35,731
Retained funds		<u><u>57,298</u></u>	<u><u>43,304</u></u>

The financial statements were approved and authorised for issue by the board:


Director

Date: 4/5/19

The notes on pages 14 to 22 form part of these financial statements.

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Capital reserve €	Retained earnings €	Total €
At 1 January 2017	7,573	31,518	39,091
Comprehensive income for the year			
Surplus for the year	-	4,213	4,213
Total comprehensive income for the year	-	4,213	4,213
At 1 January 2018	7,573	35,731	43,304
Comprehensive income for the year			
Surplus for the year	-	13,994	13,994
Total comprehensive income for the year	-	13,994	13,994
At 31 December 2018	7,573	49,725	57,298

The notes on pages 14 to 22 form part of these financial statements.

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 €	2017 €
Cash flows from operating activities		
Surplus for the financial year	13,994	4,213
Adjustments for:		
Depreciation of tangible assets	244	244
Interest paid	222	245
Decrease/(increase) in stocks	9,787	(3,625)
(Increase)/decrease in debtors	(2,179)	4,453
(Decrease)/increase in creditors	(12,516)	11,193
Net cash generated from operating activities	<u>9,552</u>	<u>16,723</u>
Cash flows from financing activities		
Interest paid	(221)	(245)
Net cash used in financing activities	<u>(221)</u>	<u>(245)</u>
Net increase in cash and cash equivalents	9,331	16,478
Cash and cash equivalents at beginning of year	38,286	21,808
Cash and cash equivalents at the end of year	<u><u>47,617</u></u>	<u><u>38,286</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	47,617	38,286
	<u><u>47,617</u></u>	<u><u>38,286</u></u>

The notes on pages 14 to 22 form part of these financial statements.

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

These financial statements, comprising the Income and Expenditure Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and the related notes, constitute the individual financial statements of Munster Literature Centre for the financial year ended 31 December 2018.

Munster Literature Centre is a private company limited by guarantee, incorporated and registered in the Republic of Ireland (CRO Number: 306868). The registered office which is also the principal place of business is 84 Douglas Street, Cork. The nature of the company's operations and its principal activities are set out in the Directors' report.

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The financial statements have been presented in Euro (€) which is also the functional currency of the company.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and Irish statute comprising of the Companies Act 2014.

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. These are detailed in note 3.

2.2 Income

Income is generated through grant funding, artistic events and the sale of books. The company recognises income on the sale of books on the transfer of the significant risk and rewards of ownership. This usually happens at point of sale. The company recognises income from artistic events in the financial year in which the event occurs.

Grants are recognised using the accruals model when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants towards capital expenditure are credited to deferred income and are released to the income and expenditure account over the expected useful life of the related assets by equal annual installments. Grants towards revenue expenditure are released to the income and expenditure account as the related expenditure is incurred.

Aid In Kind includes donated gifts, services and facilities from volunteers and other third parties. Aid In Kind that is reasonably quantifiable and measurable is included in the Income and Expenditure account when it is received or when it is probable that it will be received. The value of Aid In Kind included in the financial statements is calculated on the basis of the estimated market price of the service or facility receivable in respect of donated services and facilities.

The value of Aid In Kind in respect of resources received or receivable that are not for services or facilities is measured at fair value. Fair value is usually the price the company would have to pay on the open market for an equivalent resource.

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.3 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.4 Taxation

Munster Literature Centre has been granted charitable tax exemption status under Section 207, Taxes Consolidation Act 1997. The company's charity reference is 12374.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	20% Straight line
-----------------------	---	-------------------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income and Expenditure Account.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the income and expenditure account.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans from related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income and Expenditure Account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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:

Impairment of stocks

The company holds stocks amounting to €5,472 (2017: €15,258) at financial year end. At each year end the directors review the stock on hand to determine the possibility of stock being sold at less than cost and make an estimate to reflect any impairment charges.

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Analysis of income

	2018	2017
	€	€
Arts Council grants	137,600	114,400
Cork City Council grants	49,000	52,000
Cork County Council grants	-	1,500
Artistic revenue	44,122	46,034
Book sales	5,523	4,712
Aid in kind (Note 16)	34,300	47,400
Other	16,700	7,664
	<u>287,245</u>	<u>273,710</u>
	2018	2017
	€	€
Republic of Ireland	<u>287,245</u>	<u>273,710</u>
	<u>287,245</u>	<u>273,710</u>

Significant grant funding was awarded to the company from the following bodies during the financial year:

Arts Council

Funding in the amount of €130,00 for the period 1 January 2018 to 31 December 2018 from the Arts Council was received and €130,000 was taken to the Income and Expenditure Account by Munster Literature Centre during the financial year. €7,600 included in deferred income at 31 December 2017 related to grant awarded to cover 2018 consultancy costs was taken to the Income and Expenditure Account by Munster Literature Centre during the financial year. All funding was restricted and assisted Munster Literature Centre with its core costs in addition to providing support to writers and the delivery of two festivals during 2018 (Cork International Short Story Festival and Cork International Poetry Festival).

Cork City Council

Funding in the amount of €1,000 for the period 1 January 2018 to 31 December 2018 from the Cork City Council was granted to Munster Literature Centre. The grant awarded related to the Cork City Council Arts Grant 2018 and was taken to the Income and Expenditure Account in full by Munster Literature Centre during the financial year end. Funding in the amount of €48,000 for the period 1 January 2018 to 31 December 2018 from the Cork City Council was also granted to Munster Literature Centre. The grant awarded related to the Cork City Council Arts and Cultural Grant Aid Funding 2018 and was taken to the Income and Expenditure Account in full by Munster Literature Centre during the financial year. At 31 December 2018, €49,000 in total had been received from Cork City Council. These grants assisted Munster Literature Centre in delivering short story festivals, short story fellowships, poetry fellowships and culture night events.

The directors are satisfied that the company has adequate financial control systems in place to manage granted funds.

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. Operating surplus/(deficit)

The operating surplus/(deficit) is stated after charging:

	2018	2017
	€	€
Depreciation of tangible fixed assets	244	244
	<u>244</u>	<u>244</u>

6. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2018	2017
	No.	No.
Employees	3	3
	<u>3</u>	<u>3</u>

Staff costs

	2018	2017
	€	€
Wages and salaries	65,266	69,237
Employers PRSI	6,994	7,398
	<u>72,260</u>	<u>76,635</u>

No individual employee was paid wages or salaries in excess of €60,000. No pension scheme is operated by the company for employees.

7. Directors' remuneration

All of the directors are volunteers. Accordingly, none of the company's directors received any emoluments from the company during the year (2017 - €Nil).

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Tangible fixed assets

	Fixtures and fittings €
Cost or valuation	
At 1 January 2018	7,845
At 31 December 2018	<u>7,845</u>
Depreciation	
At 1 January 2018	7,600
Charge for the year on owned assets	244
At 31 December 2018	<u>7,844</u>
Net book value	
At 31 December 2018	<u>1</u>
At 31 December 2017	<u>245</u>

9. Stocks

	2018 €	2017 €
Books	5,472	15,258
	<u>5,472</u>	<u>15,258</u>

10. Debtors

	2018 €	2017 €
Other debtors	6,540	5,525
Prepayments and accrued income	3,665	2,500
	<u>10,205</u>	<u>8,025</u>

Included in prepayments and accrued income is an amount of €nil (2017 - €2,500) which relates to the balance of funding owed to Munster Literature Centre from Cork City Council for the financial year. All debtors are receivable within one year.

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Cash and cash equivalents

	2018	2017
	€	€
Cash at bank and in hand	47,617	38,286
	<u>47,617</u>	<u>38,286</u>

12. Creditors: Amounts falling due within one year

	2018	2017
	€	€
PAYE and social insurance	-	4,185
Other creditors	527	844
Accruals	5,469	5,881
Deferred income	-	7,600
	<u>5,996</u>	<u>18,510</u>

The terms of accruals are based on the underlying contracts. Taxes are subject to the terms of the relevant legislation. Interest accrues on late payments. No interest was due at the financial year end.

13. Financial instruments

	2018	2017
	€	€
Financial assets		
Financial assets measured at amortised cost	<u>52,850</u>	<u>43,811</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(527)</u>	<u>(843)</u>

Financial assets measured at amortised cost comprise cash at bank and other debtors.

Financial liabilities measured at amortised cost comprise other creditors.

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Company status

The company is limited by guarantee and consequently does not have a share capital. At 31 December 2018, each member of the company is liable to contribute an amount not exceeding €12.70 towards the assets of the company in the event of liquidation. The guarantee continues for one year after individual membership ceases. The company's members are the same as those who sit on the board of directors.

The following changes in membership numbers occurred during year ended 31 December 2018 and 31 December 2017:

	2018	2017
Opening members	4	6
New members in the year	-	1
Member cessations in the year	-	(3)
Closing members	<u>4</u>	<u>4</u>

15. IAASA Ethical Standard Section 6 – Provisions available for audits of small entities

In common with many other entities of our size and nature we use our auditors to prepare and submit returns to the Companies Registration Office and to assist with the preparation of the financial statements.

16. Aid in kind

During the financial year, the company received donations of services, gifts and resources. The directors have valued these donations based on their estimated market value or the price the company would have paid on the open market. During year ended 31 December 2018 income and corresponding expenditure of €34,300, (2017: €47,400) have been recognised in the Income and Expenditure Account. An analysis of Aid In Kind for 2018 and 2017 is set out below:

	2018	2017
	€	€
Fees and travel costs paid on behalf of the company	2,300	15,400
Rent waived	24,000	24,000
Labour costs waived	8,000	8,000
	<u>34,300</u>	<u>47,400</u>

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

17. Related party transactions

Key management personnel compensation

Total compensation paid to key management personnel during the year ended 31 December 2018 is €40,000 (2017:€40,000).

Transactions with directors

There were no transactions between the directors and the company in respect of the financial years ending 31 December 2018 and 31 December 2017 that require disclosure in accordance with sections 305 to 312 of the Companies Act 2014.

18. Post balance sheet events

There was no events affecting the company since the year end.

19. Approval of financial statements

The board of directors approved these financial statements for issue on 04 September 2019

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 €	2017 €
Income		287,245	273,710
Direct costs		(164,461)	(168,467)
Gross surplus		<u>122,784</u>	<u>105,243</u>
Less: overheads			
Administration expenses		(108,568)	(100,785)
Operating surplus		<u>14,216</u>	<u>4,458</u>
Interest payable		(222)	(245)
Surplus for the year		<u><u>13,994</u></u>	<u><u>4,213</u></u>

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 €	2017 €
Income		
Arts Council grants	137,600	114,400
Cork City Council grants	49,000	52,000
Cork County Council grants	-	1,500
Artistic revenue	44,122	46,034
Book sales	5,523	4,712
Other income	16,700	7,664
Aid in kind	34,300	47,400
	<u>287,245</u>	<u>273,710</u>
	2018 €	2017 €
Direct costs		
Opening stocks	15,258	11,633
Closing stocks	(5,472)	(15,258)
Purchases	7,761	4,682
Exhibition and festival costs	12,033	15,462
Readers' fees	61,169	61,197
Hotels, travel and subsistence	39,412	43,351
Aid in kind	34,300	47,400
	<u>164,461</u>	<u>168,467</u>

MUNSTER LITERATURE CENTRE
(A Company Limited by Guarantee)

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 €	2017 €
Administration expenses		
Staff salaries	65,266	69,237
Staff national insurance	6,994	7,398
Commissions payable	-	1,784
Consultancy	8,000	-
Printing and stationery	5,134	3,202
Telephone and fax	1,709	2,904
Advertising and promotion	8,028	6,069
Auditors' remuneration	5,266	4,428
Bank charges	2,432	471
Sundry expenses	3,241	2,051
Light and heat	917	949
Insurances	883	854
Repairs and maintenance	454	1,194
Depreciation - fixtures and fittings	244	244
	<u>108,568</u>	<u>100,785</u>
	2018 €	2017 €
Interest payable		
Other interest - on overdue tax	222	245
	<u>222</u>	<u>245</u>