



The Corporate Governance
Association of Ireland

**ANNUAL
REPORT**

2010

CGAI ANNUAL REPORT



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**The Corporate Governance Association of Ireland
(Guarantee company without a share capital (public))**

Chairman's Statement

It is my pleasure to introduce the annual report of the CGAI for the year ended 30 September 2010.

As signalled in the last annual report, the emphasis in the past year has been on determining and sourcing the resources required to facilitate the continued development of the Association. With A&L Goodbody, Arthur Cox, Grant Thornton, PricewaterhouseCoopers, and The Centre for Corporate Governance at UCD secured as strategic partners and a part-time Executive Director in place, the way has been cleared for the next phase of development of the Association.

The resources which will be available to the Association over the next three years will enable the board to develop services to the members and to seek to make a greater impact in promoting good governance practices in Ireland. A new three-year plan for CGAI will be prepared during 2011.

We are most appreciative of the generous support we are receiving from our strategic partners, and from Paul White who has taken on the Executive Director role on a pro bono basis.

The financial outcome for the year was a modest surplus which was achieved by rigorous control of expenditure.

The year again featured excellent speakers for our events which were very well supported by the members. I wish to record our appreciation of our guest speakers: Prof. Patrick Honohan, Mr. Michael Cawley, and Mr. Alan Dukes. Access to such speakers and their willingness to address questions on an 'in lodge' basis is a feature of our events.

2009/10 saw the arrival of a new event, an annual debate against the UCD Michael Smurfit Business School. We are indebted to the chairman of the inaugural debate, Mr. Michael McDowell S.C., Mr. Padraig White who joined the CGAI team as a guest speaker, Prof. Niamh Brennan who led the winning team, and all the speakers. The event was hosted by the Centre for Corporate Governance at UCD.

The Association is indebted to Fergus Sheridan, Tom Quinn and Conall Lavery who organised the various events during the year.

The Special Interest Groups (SIGs) continue to be an important vehicle for enabling members to participate actively in the work of the Association. They are reported separately.

**The Corporate Governance Association of Ireland
(Guarantee company without a share capital (public))**

Chairman's Statement (continued)

The more proactive approach to PR generated media coverage on radio and TV as well as in the print media. Various approaches to the Association indicated an improved awareness of CGAI among our target audiences.

I wish again to record our appreciation of the work of our Honorary Secretary, Mary Flaherty, and our Honorary Treasurer, Donnchadh Ó Madagáin. Mary Flaherty retired subsequent to the year-end having given dedicated service to the Association and its members.

It had not been my intention to present another annual report. However, I considered it inappropriate to leave the chair without resolving the resources issue. That has now been done and I hope to hand over to a successor in early 2011.



**Jerry Kelly
Chairman**

**The Corporate Governance Association of Ireland
(Guarantee company without a share capital (public))**

Directors and Other Information

Directors	Jerry Kelly – Chairman Mary Flaherty (resigned 16/2/11) Michael Kelly Conall Lavery Alan McDonnell Amhairgín Ní Laoi (co-opted 16/2/11) Donnchadh Ó Madagáin Bob Semple Fergus Sheridan
Secretary	Mary Flaherty (resigned 16/2/11) Amhairgín Ní Laoi (co-opted 16/2/11)
Company Number	441154
Registered Office	Arthur Cox Building, Earlsfort Terrace, Dublin 2.
Auditors	Horwath Bastow Charleton, Chartered Accountants and Registered Auditors Marine House, Clanwilliam Court, Dublin 2.
Bankers	Allied Irish Bank, Dun Laoghaire, Co. Dublin.
Solicitors	Arthur Cox Solicitors, Earlsfort Terrace, Dublin 2.
Executive Director	Paul A. White
Voluntary Sector SIG	Alan McDonnell (Chairman), Jim Corbett, Dermod Dwyer, Conall Lavery, Liam Marnane, Tom Quinn
Financial Services SIG	Adrian Waters (Chairman), David Casey, Jerry Kelly, Werner Schwanberg, Fergus Sheridan, Paul Turpin

**The Corporate Governance Association of Ireland
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Operating Review

Financial Review

Result for the period

In the year under review income exceeded expenditure by € 2,331 (compared to a deficit of € 3,330 in 2009). The deficit in the prior year was mainly due to non-recurring web development costs. Income for the year amounted to € 19,070 (2009: € 20,926).

The cost of running the Association was € 16,739 (2009: € 24,256), which can be analysed under the following main headings:

- **Events for Members** – The four events held during the period had a total cost of € 4,623 (2009: € 6,866), towards which Members contributed € 4,670 (2009: € 7,614), resulting in a small surplus of € 47 (2009: € 748).
- **Public relations** – Costs of € 4,932 (2009: € 4,860) have been charged to the accounts in respect of public relations services and advice.
- **Web site costs** – Costs of € 711 (2009: € 6,890) were charged for the period in connection with the re-development and maintenance of the CGAI website.
- **Insurance** – the annual cost of Directors & Officers liability insurance charged in 2010 is €1,245 (in 2009 the initial 6 months cover amounted to € 615).
- **Other administration costs** – include audit fees and legal fees (company secretarial services from Arthur Cox).

Financial position at year end

At 30 September 2010 the CGAI was financially solvent with a reserve of € 5,701 (2009: € 3,370), comprising:

• Cash at Bank	€ 11,609
• Plus: - insurance prepaid	€ 615
• Less: - subscriptions prepaid for next year	(€ 1,400)
- accruals for costs due relating to the period	(€ 5,123)

Based on new and renewed subscription receipts since the year end, the CGAI expects to continue to be financially viable for the coming year. In addition, as outlined in the Chairman's statement, the recently agreed strategic partnerships with a number of professional firms will have the effect of putting the financial position of the Association on a much stronger footing for the next few years.

**The Corporate Governance Association of Ireland
(Guarantee company without a share capital (public))**

Operating Review (continued)

Continuing Professional Development (CPD)

Members are reminded that they are required to complete 10 hours of relevant development each year, 6 hours of which should comprise actual attendance at events. Members should maintain a record of their CPD, which may be subject to periodic review by the CGAI. Most events organised by CGAI will qualify towards CPD – another good reason for Members to support such events.

Events

Four Members' events were held during the year ended 30 September 2010 with good member support & participation. Three of these events were held in The Kildare Street and University Club courtesy of David Casey, while The Debate was held in The UCD Michael Smurfit Graduate Business School courtesy of the Centre for Corporate Governance.

The inaugural CGAI / UCD Debate was held in October 2009, under the excellent chairmanship of Mr. Michael McDowell SC. The debate was very successful and we hope to make this an annual event.

The first event in 2010 was a Breakfast Briefing in January with guest speaker Professor Patrick Honohan, Governor of the Central Bank.

The 2010 AGM and Spring Dinner were held in March. After the AGM we were pleased to welcome our guest speaker for the event Mr Michael Cawley, Deputy Chief Executive of Ryanair.

In May, Mr. Alan Dukes, incoming Chairman of Anglo Irish Bank, was the guest speaker at our second Breakfast Briefing.

We wish to record our thanks to our speakers both for their willingness to address our Association and being prepared take questions 'in lodge' from our members. We hope to continue to provide events with high calibre speakers of interest, and to increase the number of events as resources become available.

**The Corporate Governance Association of Ireland
(Guarantee company without a share capital (public))**

Operating Review (continued)

Special Interest Groups

The Board of the CGAI has developed the concept of Special Interest Groups (SIGs) as one of its methods of propagating best practice in corporate governance. Each SIG is comprised of full members of the CGAI who are particularly interested in or knowledgeable of the sector the SIG is addressing. The objective of each SIG is to define governance best practice by developing a code of practice relating to its sector. To date two SIGs have been formed addressing the following areas of interest:

Voluntary Sector SIG

The CGAI in partnership with Dóchas launched the Code of Governance for Irish Development NGOs in 2008. NGOs signed up to the Code and started the process of implementing its provisions in 2009. 2010 will mark the first year that the NGOs will report on their compliance with the Code.

The Voluntary Sector SIG initiated a project with a confederation of representative bodies led by The Wheel to undertake the development of a Code of Governance for the wider voluntary sector. This project was slow to get off the ground due to the complexity and variety of organisations in the sector. Since Spring 2010 the project has achieved good momentum and is at an advanced stage in its work.

Financial Services SIG (formerly Investment Funds SIG)

This SIG launched its Code of Governance for Independent Directors of Investment Funds in January 2010. The launch was most timely following the introduction of a requirement for boards of investment funds to declare in their annual reports which governance code they were following. (S.I. 350 which impacts on annual reports being issued from early 2011). The SIG then went on to compile the CGAI response to the Financial Regulator's consultation on Corporate Governance Requirements for Credit Institutions and Insurance Undertakings (CP41). This response was submitted in June.

New SIGs being formed:

Corporate Sector SIG

In September 2010, the board of the CGAI issued a call to members to form a Corporate Sector SIG. This SIG will, in the first instance, focus on family companies and develop a code of practice in the governance of such firms that will be proportionate to their stage of development and size.

Voluntary Hospital SIG

In September 2010 the board decided to create a SIG for Voluntary Hospitals with a view to developing a CGAI Code of Governance and best practice for Voluntary Hospitals. This SIG will be chaired by Bob Semple, and other members participating will include Emer Daly, Terry McWade and Jerry Kelly. The SIG is working on forming a partnership with an appropriate representative body within the sector.

The Corporate Governance Association of Ireland (Guarantee company without a share capital (public))

Operating Review (continued)

CGAI Website

The development of the website continued throughout the year and functionality added included:

- A "Governance Codes" button on the home page so that visitors can find the CGAI Corporate Governance Codes more easily.
- A "Publications" page so that non members can view approved content. This is in line with our objective to be an independent source of relevant Irish Corporate Governance information and opinion.
- The "Publications" page also collates most of the content already published for members into one place. Members have to be logged in to see this content.
- The facility for companies seeking Non Executive Directors (NEDs) was taken down so as to facilitate development of the partnership with sponsors.
- A voting button was added to features of the website for quick survey polls.
- Throughout the year the traffic to the website increased and there is a marked increase in non member visitors.
- A Web Usage Policy and a Privacy Policy were added to the site.

There has been very little activity in the Forum area of the website. This facility allows members to discuss issues which are shared with other members only.

EZine

Alan Wallace joined Paul Turpin on the editorial side and a push for content from the members has been successful. We received and published some interesting papers, but the benefit of this will be mostly realised in future editions.

The Corporate Governance Association of Ireland (Guarantee company without a share capital (public))

Report of the Directors

The directors present their report and the financial statements for the year ended from 30 September 2010.

Directors' Responsibilities

The directors are responsible for the preparation of the financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland). The directors are required to prepare financial statements on a going concern basis which give a true and fair view of the state of affairs of the company and of the income and expenditure of the company for the year. In preparing the financial statements, the directors are required to select suitable accounting policies and then apply them consistently and to make judgements and estimates that are reasonable and prudent. The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to ensure that the financial statements comply with the Companies Acts 1963 to 2009. To ensure that proper books and accounting records are kept in accordance with Section 202 Companies Act, 1990, the company has maintained appropriate accounting systems. The books of account are maintained at the company's registered office, situated at Arthur Cox Building, Earlsfort Terrace, Dublin 2. The directors 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.

Business Review and Future Activities

The principal activity of The Corporate Governance Association of Ireland is to promote best practice in governance across the commercial, public and voluntary sectors by developing Codes of Good Governance in partnership with like minded organisations, providing candidates for board positions, and facilitating the ongoing professional development of members.

**The Corporate Governance Association of Ireland
(Guarantee company without a share capital (public))**

Report of the Directors (continued)

Results for the period and state of affairs as at 30 September 2010

The results and appropriations are summarised as follows: -

	€
Excess of income over expenditure for the period	2,331
Balance at the beginning of the period	<u>3,370</u>
Balance at end of period	<u>5,701</u>

State of Affairs and Events since the Balance Sheet date

There have been no important events since the year end, which would have an impact on the financial position at 30 September 2010.

Directors and their interests

The present membership of the board is set out on page 5.

Mary Flaherty resigned as Director and Secretary with effect from 16 February 2011. Amhairgín Ní Laoi was co-opted to the Board on 16 February 2011 and appointed Secretary from that date.

Principal Risks and Uncertainties

Under Irish company law, the company is required to give a description of the principal risks and uncertainties which it faces.

As the Corporate Governance Association of Ireland is a not-for-profit entity, most normal business risks do not apply. The board seeks to ensure that the costs of events and other expenditure incurred are fully covered in advance by way of member subscriptions and/or sponsorship. The board are satisfied that there are no material risks applying to the activities of the company at this time, but will continue to regularly review this situation.

Auditors

Horwath Bastow Charleton are eligible, and have expressed their willingness to continue in office in accordance with Section 160(2) of the Companies Act 1963.



Jerry Kelly
Chairman and Director



Donnchadh Ó Madagáin
Director

Date: 22 FEB 2011

**The Corporate Governance Association of Ireland
(Guarantee company without a share capital (public))**

**Independent Auditor's Report to the members on the audited financial
statements of The Corporate Governance Association of Ireland**

We have audited the financial statements of The Corporate Governance Association of Ireland on pages 14 to 19, which have been prepared under the historical cost convention, and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page 10 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with the Companies Acts, 1963 to 2009. We also report to you whether in our opinion: proper books of account have been kept by the company; and whether the information given in the directors' report, is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the company's balance sheet is in agreement with the books of account.

We report to the members if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not given and, where practicable, include such information in our report.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

**The Corporate Governance Association of Ireland
(Guarantee company without a share capital (public))**

**Independent Auditor's Report to the members on the audited financial
statements of The Corporate Governance Association of Ireland**

Basis of opinion (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at 30 September 2010 and of its result and cash flows for the period then ended and have been properly prepared in accordance with the Companies Acts 1963 to 2009.

We have obtained all the information and explanations that we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The balance sheet is in agreement with the books of account.

In our opinion, the information given in the directors' report on pages 10 to 11 is consistent with the financial statements.

Horwath Bastow Charleton
Chartered Accountants and Registered Auditors
Marine House
Clanwilliam Court
Dublin 2

Date: 24 February 2011

The Corporate Governance Association of Ireland
(Guarantee company without a share capital (public))

Income and Expenditure Account
for the year ended 30 September 2010

		Continuing operations	
		2010	2009
		€	€
	Notes		
Income	3	19,070	20,926
Expenditure	7	(16,739)	(24,256)
Excess / (shortfall) of income over expenditure	4	2,331	(3,330)
Taxation	6	-	-
Excess / (shortfall) of income over expenditure for the period	9	<u>2,331</u>	<u>(3,330)</u>

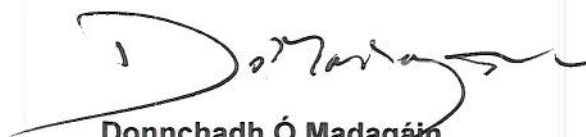
There are no recognised gains or losses other than the income and expenditure for the above financial period.

The notes on pages 17 - 19 form an integral part of the financial statements.

The financial statements were approved and authorised for issue by the board of Directors on 16 February 2011 and signed on its behalf by



Jerry Kelly
Director



Donnchadh Ó Madagáin
Director

**The Corporate Governance Association of Ireland
(Guarantee company without a share capital (public))**

Balance Sheet as at 30 September 2010

	Notes	2010 €	2009 €
Current Assets			
Cash at bank and in hand		11,609	14,170
Insurance prepaid		615	615
		<hr/>	<hr/>
		12,224	14,785
Creditors: amounts falling due within one year	8	<u>(6,523)</u>	<u>(11,415)</u>
Net Current Assets		5,701	3,370
Total Assets Less Current Liabilities		<u>5,701</u>	<u>3,370</u>
Reserves			
Income and expenditure account		5,701	3,370
Reserves	9	<hr/> <u>5,701</u>	<hr/> <u>3,370</u>

The notes on pages 17 - 19 form an integral part of the financial statements.

The financial statements were approved and authorised for issue by the board of directors on 16 February 2011 and signed on its behalf by



Jerry Kelly
Director



Donnchadh Ó Madagáin
Director

**The Corporate Governance Association of Ireland
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Cash Flow Statement for the year/ period ended 30 September 2010

		2010	2009
	Notes	€	€
Net cash outflow from operating activities	10	<u>(2,561)</u>	<u>(1,205)</u>
Decrease cash for the year	10	<u>(2,561)</u>	<u>(1,205)</u>

Reconciliation of Net Cash Flow to movements in Net Funds

		2010	2009
		€	€
Decrease cash for the year	11	<u>(2,561)</u>	<u>(1,205)</u>
Net funds at beginning of year	11	<u>14,170</u>	<u>15,375</u>
Net funds at end of year	11	<u>11,609</u>	<u>14,170</u>

The Corporate Governance Association of Ireland (Guarantee company without a share capital (public))

Notes to the Financial Statements

1. Accounting policies

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

1.1. Basis of preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and the Companies Acts 1963 to 2009. Accounting Standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

1.2 Income

Subscriptions

Subscriptions are recognised on an earnings basis.

Event income

Event income is recognised on a receipts basis.

2. Going concern

The directors have satisfied themselves that the company's financial statements should be prepared on a going concern basis as they are financially solvent at the year end and expect to continue to be financially viable for the coming year.

3. Income

	2010	2009
Income is comprised of:	€	€
Subscriptions	13,900	13,312
Event & other income	5,170	7,614
	<u>19,070</u>	<u>20,926</u>

**The Corporate Governance Association of Ireland
(Guarantee company without a share capital (public))**

Notes to the Financial Statements (continued)

4. Excess of income over expenditure	2010	2009
	€	€
Excess / (shortfall) of income over expenditure is stated after charging:		
Auditors' remuneration	<u>2,675</u>	<u>2,685</u>
5. Staff and staff costs		
The company had no employees during the period. The directors receive no remuneration. The Executive Director serves on a pro bono basis.		
6. Taxation		
No charge to taxation arises during the year.		
7. Expenditure	2010	2009
	€	€
Expenditure is comprised of:		
Event costs	4,623	6,866
Website development	711	6,890
Legal costs	2,460	2,288
Public relations	4,932	4,860
Directors & officers liability insurance	1,245	615
Audit fees	2,675	2,685
Bank charges	93	52
	<u>16,739</u>	<u>24,256</u>
8. Creditors: amounts falling due within one year	2010	2009
	€	€
Prepaid subscriptions	1,400	1,075
Accruals	5,123	10,340
	<u>6,523</u>	<u>11,415</u>

**The Corporate Governance Association of Ireland
(Guarantee company without a share capital (public))**

Notes to the Financial Statements (continued)

9. Reconciliation of movements in reserves

	2010	2009
	€	€
Excess / (shortfall) of income over expenditure	2,331	(3,330)
Opening reserves	3,370	6,700
	<hr/>	<hr/>
Closing reserves	5,701	3,370
	<hr/>	<hr/>

10. Reconciliation of excess income to net cash inflow from operating activities

	2010	2009
	€	€
Excess / (shortfall) of income over expenditure	2,331	(3,330)
(Decrease)/Increase in creditors	(4,892)	2,740
Increase in prepayments	-	(615)
Net cash (outflow) operating activities	(2,561)	(1,205)
	<hr/>	<hr/>

11. Analysis of changes in net funds

	Opening Balance	Cash flows	Closing Balance
	€	€	€
Cash at bank and in hand	<u>14,170</u>	<u>(2,561)</u>	<u>11,609</u>

12. Company status

The company is a guarantee company having no share capital. The liability of the members is limited to €1.

13. Approval of financial statements

The directors approved the financial statements and authorised them for issue on 16 February 2011.