



The Corporate Governance
Association of Ireland

**ANNUAL
REPORT**

2007

CGAI ANNUAL REPORT



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Chairman's Statement

It is a great pleasure for me to introduce the CGAI Annual Report for the year ended 30 September 2007 on behalf of your board of directors because 2006-07 has been a year of good progress for your Association.

The last AGM decided to establish CGAI as a company limited by guarantee. This was done successfully and your company was registered on 12 June 2007. I wish to record our appreciation of the excellent work undertaken by our honorary secretary, Marie McLaughlin, who ensured the process was completed smoothly and expeditiously.

I am particularly pleased to advise you that when the first members had to make membership renewal decisions following the year-end they all paid their subscriptions. Your board takes this as a vote of continued confidence in your Association by you the members. This is very heartening and will encourage your board to continue to work hard to serve the Association. At the end of 2007 total membership stood at 57.

I said when the Association was first launched in April 2006 that success would require a high level of participation by the members in the work and activities of the Association. The attendance level at events has been excellent but even more important has been the eagerness of members to serve on committees.

Between the board, the Events Committee and the two SIGs a total of 19 members are actively involved in one or more activities. This is a sign of a healthy Association and augers well for the future.

As outlined elsewhere in this report we made considerable progress during the 2006-07 year. I particularly wish to highlight the launch of a CPD Programme and the creation of Special Interest Groups (SIGs). These two developments are critical to achievement of recognition as a specialist professional Association. I wish to thank Donnchadh Ó Madagáin for his work on CPD. I wish to thank Alan McDonnell for his work in developing the SIG policy of the Association and Jim Corbett and Adrian Waters for chairing the SIGs.

Our events were both successful and well attended. This is due to the work of our events committee so ably chaired by Liam Marnane. Events are very important because they create opportunities for members to network with one another.

At year end preparations were underway for a public announcement of the creation of CGAI.

I wish to thank my fellow board members and all who serve on CGAI sub-committees and SIGs for their work and support. In particular, I wish to thank Marie McLaughlin who stood down following the year-end as honorary secretary having done an excellent job. In thanking her I also welcome Mary Flaherty who was co-opted to the board and took on the secretary's role.

Finally, I wish to record our appreciation of the continuing support we receive from Professor Niamh Brennan and Ms. Bairbre Murphy of the IOD Centre for Corporate Governance at the UCD Smurfit Business School.

Jerry Kelly

Directors and Other Information

| | |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Directors | Elizabeth Jane Barry (appointed 12 June 2007) Mary Flaherty* (co-opted 13 December 2007) Jerry Kelly – Chairman (appointed 12 June 2007) Fergus Sheridan (appointed 12 June 2007) Paul White (appointed 12 June 2007) Alan McDonnell (appointed 12 June 2007) Marie McLaughlin* (appointed 12 June 2007) Donnchadh Ó Madagáin (appointed 12 June 2007) |
| Secretary | Marie McLaughlin (appointed 12 June 2007) |
| Company Number | 441154 |
| Registered Office | Arthur Cox Building, Earlsfort Terrace, Dublin 2. |
| Accountants | Baker Tilly Ryan Glennon, Trinity House, Charleston Road, Ranelagh. Dublin 6. |
| Bankers | Allied Irish Bank, Dun Laoghaire, Co. Dublin. |
| Solicitors | Arthur Cox Solicitors, Arthur Cox Building, Earlsfort Terrace, Dublin 2. |
| Events Committee | Emer Daly, Liam Marnane (Chairman) Patricia Nolan, Phil Shovlin |
| Voluntary Sector SIG | Jim Corbett (Chairman), Dermod Dwyer Liam Marnane, Alan McDonnell, Tom Quinn |
| Investment Funds SIG | David Casey, Jerry Kelly, Werner Schwanberg Fergus Sheridan, Paul Turpin Adrian Waters (Chairman) |

Operating Review

Financial Review

Basis of preparation

The financial statements presented in this annual report cover the period from 21 June 2006 (when the bank account was first opened) to 30 September 2007, and were prepared on the basis that the CGAI was an un-incorporated Association for most of the period under review. The result was calculated on an accruals basis, taking into account all income receivable, and costs payable, relating to the period. The accounts have been independently reviewed by Baker Tilly Ryan Glennon, Chartered Accountants.

Financial summary for the period ending 30 September 2007

| | € | € |
|----------------------------------------------------|----------------|----------------------|
| INCOME | | |
| Membership Subscriptions | | |
| Gross proceeds lodged prior to 30 September 2007 | 10,125 | |
| Less subscriptions prepaid in respect of next year | <u>(1,029)</u> | |
| | | 9,096 |
| Event Income | | |
| Receipts from Members | 2,960 | |
| Corporate Sponsorship | <u>2,027</u> | |
| | | <u>4,987</u> |
| Total income | | <u>14,083</u> |
| EXPENDITURE | | |
| Cost of events for members | (5,434) | |
| Web site development, hosting + domain name | (1,462) | |
| Legal costs (including incorporation) | (1,596) | |
| Audit fee | (750) | |
| Bank costs (net of credit interest received) | <u>(30)</u> | |
| Total expenditure | | <u>(9,272)</u> |
| SURPLUS OF INCOME OVER EXPENDITURE | | <u>4,811</u> |
| REPRESENTED BY; | | |
| Bank balance | | 8,220 |
| Prepaid subscriptions | | (1,029) |
| Accruals | | <u>(2,380)</u> |
| CLOSING BALANCE – RESERVE | | <u>4,811</u> |

CGAI was incorporated as a Company Limited by Guarantee on 12 June 2007, and will file its first set of statutory accounts for the period from date of incorporation to 30 September 2008 (16½ months). Those accounts will be presented in the 2008 annual report, together with a reconciliation for Members to explain the short overlap with the financial statement presented in this 2007 annual report.

Operating Review (continued)

Result for the period

A surplus of € 4,811 of income over expenditure was recorded for the financial period. Income for the period amounted to € 14,083, of which 86% came from Members and 14% from Corporate Sponsorship. The cost of running the Association was € 9,272.

Financial activity of CGAI can be analysed under the following headings:

- **Events for Members** – Four events were held during the period, resulting in a total net cost to CGAI of €447. The board acknowledges the generous sponsorship received for two of the events held, from Sharptext and SIG Ireland, without which the cost to CGAI would have been a lot more.
- **Web site costs** – Most of this years cost related to the development of the initial website. Ongoing annual costs should be modest, however there are still further development costs to be incurred in the provision of an interactive Members' area on the web site.
- **Legal costs** – The legal costs incurred and charged to the period relate entirely to the incorporation of CGAI as a company. The new legal status will have associated annual legal costs in the order of € 2,000.
- **Other costs** – Audit fees of €750 have been negotiated for the year under review, and the board hopes to maintain audit fees at a reasonable level in the future.

Financial position at period end

At 30 September 2007 the CGAI was financially solvent with a reserve of €4,811, comprising:

| | |
|-------------------------------------------------|-----------|
| • Cash at Bank | € 8,220 |
| • Less: - subscriptions prepaid for next year | (€ 1,029) |
| - accruals for costs due relating to the period | (€ 2,380) |

Based on new and renewed subscription receipts since the period end, the CGAI expects to continue to be financially viable for the coming year. However, consideration must now be given to increasing the level of corporate sponsorship for Member events. The board will address this issue over the coming months, in order to achieve full potential for Members.

Continuing Professional Development (CPD)

During the year the board, in consultation with the Members formulated a policy for Continuing Professional Development (CPD). At this early stage in the life of the CGAI, the board believes that the CPD requirement should be meaningful but not too onerous for Members. Members are required to complete 10 hours of relevant development each year, 6 hours of which should comprise actual attendance at events. Most events organised by CGAI will qualify towards CPD – another good reason for Members to support such events. Following formal approval by the board, the final policy document was issued to Members in January 2008, and is effective from the 2007/08 Membership year and subsequent years. Members are encouraged to familiarise themselves with the Policy and ensure they complete the requirements.

Operating Review (continued)

CGAI Special Interest Groups (SIGs)

In November 2006, the CGAI SIG Policy Paper was circulated to members inviting them to join a SIG with a view to developing Codes of Governance for its sector of interest. Two SIGs were successfully formed, one in each of the Voluntary and Financial Services sectors.

Voluntary Sector SIG

This SIG determined that its priority would be to focus on the Development NGOs subset of the sector and branch out into the wider sector subsequently. This decision was influenced by the publication of the Government's White Paper on Development Aid and the emphasis it placed on governance. The SIG entered discussions with Dóchas, the umbrella body of Irish NGOs, who agreed to partner with us and a joint Steering Group was formed to develop the Code.

The project was announced to Dóchas members in April 2007 at their annual AGM and a research survey was subsequently conducted to elicit their views on topics to be addressed by the Code. A briefing meeting was held with Irish Aid which voiced strong support for initiative. Three source Codes were identified as core references which the SIG would adapt to the Irish NGO environment. The publishers of each kindly provided permissions for us to extract material from their work and adapt it to our local circumstances. They are The Governance Hub; The Financial Reporting Council; and, The CEE Working Group on NGO Governance.

By late September a draft code had been prepared for consultation with Dóchas members. It is hoped to have the final code ready for adoption by Dóchas members at their next AGM in April 2008.

Financial Services SIG

The rapid growth of the investment funds sector in Dublin and the growing number of non-executive directors serving on the boards of funds or funds management companies prompted the formation of the investment funds SIG.

Further to study of codes of governance in other jurisdictions the group drafted a code for potential adoption in Ireland. It is hoped to have a code ready for publication by mid-2008.

CGAI Website

When CGAI was launched establishment of our website was chosen as a priority project. The site, created subject to some budgetary constraint, is intended primarily for our members with a limited focus on information for third parties.

We have provided third party information through access to the home page and, via the "About Us" page, to our code of conduct, constitution and objectives; as well as membership information.

We have sought to promote access to governance related websites through our "affiliates" page and also through a listing of "useful contacts".

Operating Review (continued)

Two promotional areas have been designed for members opting to present themselves as Board Candidates or Governance Advisers. While not yet used it is intended that, as we develop our profile, this area will become a conduit through which members will be recognised.

The interactive page, designed for member access only, is at the core of our website. It has been developed to allow sharing of our opinions; to develop and argue governance issues; and to jointly address problems as they arise.

Our library will consist of articles, topics and academic papers sourced by members which they choose to share. We will depend on this member input to develop our organisation. More particularly, the blog site allows us to develop and debate governance issues among ourselves interactively.

The site will allow us to develop our personal information on a profile page which can be designed with access either limited to fellow members or available to a wider audience.

Finally, the website will allow the board to update members through briefings, appointment announcements and an events calendar.

Events

The events committee organised four events for members which were well supported and proved very successful due to the calibre of our guest speakers and the level of participation by members.

The year started with the CGAI Annual Dinner on the 11 October 2006. The guest speaker was Dr Thomas Courtney, Partner at Arthur Cox Solicitors and Chairman of the Company Law Review Group. It was a most insightful presentation and an enjoyable evening. The CGAI greatly appreciate the generous sponsorship given by our member Mr Paul White, CEO Sharptext to assist in defraying the costs of the event. In January 2007 we held our first Breakfast Meeting at the Radisson SAS Hotel. Mr. Brian Patterson, Chairman of the Irish Financial Regulatory Authority (IFSRA) was our guest speaker. The event was a great success and marked by a very lively and participative question time.

We held our AGM in the Laurence Crowley Boardroom at UCD Carysfort on 28 March 2007. After the AGM we were pleased to welcome Mr John Barry, Director of Coyle Hamilton Willis who addressed Members on the topic of Directors and Officers Insurance. The event concluded with a reception for members, which was kindly sponsored by our members George Appleton and Patricia Nolan of SIG Ireland. We greatly appreciate their support.

In May 2007 we enjoyed a well attended wine tasting evening at the Ely wine bar in the IFSC. The event was hosted by a very knowledgeable French sommelier and proved to be very educational and enjoyable. This social event allowed members meet and interact in an informal setting.

In September we co-hosted a seminar on the role of the non-executive director in partnership with Non-Execs.com, a UK-based organisation which specialises in internet based recruitment. The event was sponsored by Arthur Cox.

Directors' Report

The directors present their report and the financial statements for the period from the date of inception on the 21 June 2006 to the 30 September 2007.

Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standard Board and promulgated by the Institute of Chartered Accountants in Ireland.

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud.

Principal Activity

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 was established on 21 June 2006 as an unincorporated association. On 12 June 2007 The Corporate Governance Association of Ireland was incorporated as a guarantee company without a share capital (public).

Directors' Report (continued)

Risk Analysis

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 seek 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.

Results for the period and state of affairs as at 30 September 2007

The profit and loss account and balance sheet for the period are set out on pages 13 and 14 respectively. Profit on ordinary activities after taxation amounted to €4,811.

Important events since the period end

There have been no important events since the period end, which would have an impact on the financial position at 30 September 2007.

Books of account

The directors have taken the necessary steps to ensure that the company's books and records comply with the requirements of Section 202 of the Companies Act 1990. They are kept on a continuous and consistent basis from one year to the next to enable the appropriate financial information including profit and loss accounts and balance sheets, to be readily extracted as and when required for the purposes of managing the company's affairs and for audit purposes. The company maintains its books of account at Arthur Cox Building, Earlsfort Terrace, Dublin 2.

Jerry Kelly
Director

Donnchadh Ó Madagáin
Director

13 February 2008

Statement of directors' responsibilities and declaration on unaudited financial statements

General Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2006 and all Regulations to be construed as one with those Acts. They are also responsible for ensuring that the company otherwise complies with the provisions of those Acts relating to financial statements in so far as they are applicable to the company. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and hence to prevent and detect fraud and other irregularities.

Directors' declaration on unaudited financial statements

In relation to the financial statements as set out on pages 13 to 16:

The directors approve these financial statements and confirm that they are responsible for them, including selecting the appropriate accounting policies, applying them consistently and making, on a reasonable and prudent basis, the judgements underlying them. They have been prepared on the going concern basis on the grounds that the company will continue in business.

The directors confirm that they have made available to Baker Tilly Ryan Glennon, Business Partners & Accountants, all the company's accounting records and provided all the information necessary for the compilation of the financial statements.

The directors confirm that to the best of their knowledge and belief, the accounting records reflect all the transactions of the company for the period ended 30 September 2007.

On behalf of the board

Jerry Kelly
Director

Donnchadh Ó Madagáin
Director

Accountants' Report to the directors on the unaudited financial statements of The Corporate Governance Association of Ireland

In order to assist you fulfill your duties under the Companies Acts 1963 to 2006, we have compiled the financial statements of the company which comprise the Profit and Loss account, the Balance Sheet and the related notes from the books of account and information and explanations you have given to us.

This report is made to the company's members, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the company's members that we have done so, and state those matters that we have agreed to state to them in this 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, or for this report.

We have carried out this engagement in accordance with guidance issued by the Institute of Chartered Accountants in Ireland and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet for the period ended 30 September 2007 your duty to ensure that the company has kept proper books of account and to prepare financial statements that give a true and fair view under the Companies Acts 1963 to 2006. You consider that the company is exempt from the statutory requirements for an audit for the period.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the books of account or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

Baker Tilly Ryan Glennon
Business Partners & Accountants
Trinity House
Charleston Road
Ranelagh
Dublin 6

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

Financial Statements for the period 21 June 2006 to 30 September 2007

**Profit and Loss Account
for the period 21 June 2006 to 30 September 2007**

| | Continuing operations | |
|---------------------------------------|------------------------------|-----------------------------------------------|
| | | Period Ended 30 September 2007 |
| | Notes | € |
| Turnover | 3 | 14,083 |
| Cost of sales | | (5,434) |
| Gross Profit | | <u>8,649</u> |
| Administrative expenses | 4 | (3,838) |
| Operating Profit | | <u>4,811</u> |
| Retained Profit for the period | | <u><u>4,811</u></u> |

There are no recognised gains or losses other than the profit or loss for the above financial period.

The notes on pages 15 and 16 form an integral part of the financial statements.

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 2007

| | Notes | € |
|-------------------------------------------------------|-------|---------------------|
| Current Assets | | |
| Cash at bank and in hand | | 8,220 |
| Creditors: amounts falling due within one year | | |
| | 5 | (3,409) |
| Net Current Assets | | <u>4,811</u> |
| Total Assets Less Current Liabilities | | <u><u>4,811</u></u> |
| Reserves | | |
| Profit and loss account | | 4,811 |
| Reserves | 6 | <u><u>4,811</u></u> |

The notes on pages 15 - 16 form an integral part of the financial statements.

The company is availing itself of the exemptions provided for by part III of the Companies (Amendment) (No. 2) Act, 1999 on the grounds that it complies with the requirements of section 32 of that Act. The directors confirm that they have not received a notice requesting an audit in accordance with section 33 (1) of the Act. As set out on page 11, the directors acknowledge the obligations of the company to keep proper books of account, prepare financial statements which give a true and fair view and otherwise comply with the provisions of the Companies Acts 1963 to 2006 and all Regulations to be construed as one with those Acts.

Jerry Kelly
Director

Donnchadh Ó Madagáin
Director

**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 are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland.

1.2 Turnover

Turnover represents the total invoice value, excluding value added tax, of income made during the period from subscriptions and events. Turnover is recognised on receipt of income.

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 period end and expect to continue to be financially viable for the coming year.

3. Turnover

| | 2007 |
|---------------------------|---------------|
| Turnover is comprised of: | € |
| Subscriptions | 10,125 |
| Function receipts | 2,050 |
| Interest received | 6 |
| Event income | 1,902 |
| | <hr/> |
| | 14,083 |
| | <hr/> <hr/> |

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

Notes to the Financial Statements (continued)

| | |
|----------------------------------------------------------|--------------|
| 4. Administrative expenses | 2007 |
| Administrative expenses are comprised of: | € |
| Website development | 1,462 |
| Legal costs | 1,596 |
| Audit costs | 750 |
| Bank charges | 30 |
| | <hr/> |
| | 3,838 |
| | <hr/> <hr/> |
| 5. Creditors: amounts falling due within one year | 2007 |
| | € |
| Accrued income | 1,029 |
| Accruals | 2,380 |
| | <hr/> |
| | 3,409 |
| | <hr/> <hr/> |
| 6. Reconciliation of movements in reserves | 2007 |
| | € |
| Profit for the period | 4,811 |
| Opening reserves | - |
| | <hr/> |
| Closing reserves | 4,811 |
| | <hr/> <hr/> |
| 7. Approval of financial statements | |

The directors approved the financial statements and authorised them for issue on 13 February 2008.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Corporate Governance Association of Ireland will be held at The Laurence Crowley Boardroom, UCD, Carysfort Avenue, Blackrock, Co. Dublin on the 13th March at 6.00 pm for the following purposes:

As Ordinary Business:

1. To receive and consider the directors' report and financial statements for the year ended 30 September 2007.
2. Jerry Kelly, Donnchadh Ó Madagáin, Alan Mc Donnell, Fergus Sheridan, Paul White, Liz Barry, Marie Mc Laughlin, and Mary Flaherty retire in accordance with the Articles of Association and being eligible, offer themselves for re-election.
3. To authorise the directors to fix the remuneration of the auditors accounts for the year ending 30 September 2008.
4. To transact any other ordinary business of the Company.

Dated this 18th day of February 2008

By order of the board

Secretary

Registered Office
The Corporate Governance Association of Ireland
Arthur Cox Building
Earlsfort Centre
Earlsfort Terrace
Dublin 2