International Corporate Governance Network

A company limited by guarantee

Annual Report and Audited Financial Statements

31 December 2011

Company Registration Number 06467372 (England and Wales)

Directors	C Ailman Hon R A Bennett F E Curtiss A De Bresson M A Edkins S Guerra D J Pitt - Watson Y Takayama C Wood N Saidi C Hansell E Breen
Secretary	K Waring
Registered office	c/o Institute of Chartered Secretaries and Administrators 16 Park Crescent London W1B 1AH
Company registration number	06467372 (England and Wales)
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors Grant Thornton House 202 Silbury Boulevard Central Milton Keynes MK9 1LW

Contents

The directors present their report and the financial statements of the company for the year ended 31 December 2011.

Principal activities and business review

The purpose of the International Corporate Governance Network (ICGN) is to promote the exchange of ideas and experience in order to contribute to raising worldwide standards of corporate governance.

ICGN fulfils its purpose through

- convening meetings and conferences to promote dialogue and by providing a network for the exchange of views, experience and information about corporate governance issues internationally through its website and publications,
- developing and disseminating best practices, through the work of its policy committees,
- educating market practitioners for continuous professional development around environmental, social and governance factors, and
- advocating policy reforms through responding to consultations and having high level engagement with policy makers and standards setters.

During the year the ICGN held three conferences which provided opportunities for Members and others to better understand regional and global issues in corporate governance. The 2011 Annual Conference and AGM were held in Paris, France. Hosted by Paris EUROPLACE, the event attracted over 500 participants from 35 countries around the world. It focused on whether the new regulatory regime is sufficient to prevent another financial crisis, the role of boards in strategy and risk management and sustainability initiatives for long-term investing. In addition, two mid-year conferences were held in Kuala Lumpur in Malaysia and Miami in the USA. The event in Kuala Lumpur, co-hosted by the Employees' Provident Fund and the Minority Shareholder Watchdog Group, reflected on the change and diversity of corporate governance reform in Asia with a particular focus on Asian IPOs and growth in India and China. The event in Miami assessed progress over the last year since the passing of the Dodd-Frank legislation and was hosted by the Florida State Board of Administration.

Following almost two-years' consultation, ICGN Members approved a restructuring of the annual subscription fee in recognition of the need to strengthen ICGN finances by increasing financial reserves and to sustaining the ICGN work programme over the long-term. The new fee level, which differentiates between investors, for-profit bodies and not-for-profit bodies (including individuals) took effect from 1st January 2012. This important action will put the ICGN in a stronger financial position going forward and will mitigate reliance on conference income.

Principal activities and business review (continued)
Another significant development was the appointment of the ICGN to lead a project by the European Commission (EC) to encourage the mainstream investment community to integrate environmental, social and governance (ESG) factors into investment decision-making. The project is co-financed by the EC and is being implemented in partnership with the Principles for Responsible Investment (PRI) and the European Financial Analyst Association (EFFAS). ICGN will lead on the development and delivery of two training programmes in 2012, EFFAS will advise on the process for potential certification of the programme and PRI will lead on the development of best practice guidance on ESG from around the world.

ICGN Policy Committees were active during the period, putting forward around 25 comment letters over the past year to a wide range of agencies, including the European Commission, the International Accounting Standards Board, the international Auditing and Assurance Standards Board the U.S. Securities and Exchange Commission and a number of other bodies.

This policy engagement work was complemented by the approval at the 2011 AGM (and subsequent Member email ratification) of two new best practice guides which have been widely circulated to Members and the broader community of interested parties. These are the ICGN Statement and Guidance on Political Lobbying and Donations and the ICGN Model Contract Terms Between Asset Owners and their Fund Managers. Development of new guidance around executive remuneration is also in progress the outcome of which is expected to be developed into guidance in 2012. In addition, the ICGN Yearbook 2011 included a wide variety of perspectives on emerging corporate governance trends and priorities around the world and was distributed to Members. This is complemented by the Country Correspondents Initiative a growing resource for ICGN Members offering information on corporate governance developments at a national level.

The ICGN also continued with its scholarship programme and awarded a number of bursaries to individuals working in low-income or difficult environments. The bursaries provide financial support for their participation in the ICGN Annual Conference and to become part of the ICGN network and this year included individuals from Asia, Africa and Eastern Europe. In addition, the ICGN was recently awarded charity status by United States Inland Revenue Services for the ICGN Foundation USA. This is a significant milestone for the ongoing support for the scholarship programme which will be taken forward by the ICGN Foundation.

Results and dividends
The deficit for the year after taxation amounted to £63,894 (2010: £84,708 surplus) which has been transferred to reserves.

Financial risk management

The ICGN Board identifies and assesses risk as part of monthly Board meetings. In addition, a specific risk register is reviewed and updated on an annual basis. The company is exposed to credit risk and cash flow risks in the ordinary course of business and manages these risks through its internal control procedures. The ICGN does not use financial instruments for risk management. The ICGN has a policy outlining its approach to reserves and investment.

Directors

The directors who served the company during the year were as follows:

Rients Abma	(retired September 2011)
Chris Ailman	
Richard Bennett	
Erik Breen	(appointed September 2011)
Francis Curtis	
Arnaud De Bresson	
Michelle Edkins	
Sandra Guerra	
Carol Hansell	(appointed September 2011)
David Pitt-Watson	
Mark Preisinger	(retired September 2011)
Nasser Saidi	(resigned February 2012)
Yoshiko Takayama	
Christianna Wood	

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply then consistently;
- make judgements and accounting 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.

Directors' responsibilities statement (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 Act 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 and other irregularities.

In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditor are unaware; and
- the directors have taken all reasonable steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Small company exemption

This report has been prepared in accordance with the special provisions for small companies under part 15 of the Companies Act 2006.

Auditor

The auditor, Grant Thornton UK LLP has expressed its willingness to continue in office and is automatically reappointed under S. 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD

Francis Curtiss

Francis Curtiss
(Member of the ICGN Board of Governors)

19 April 2012

Independent auditor's report to the members of International Corporate Governance Network

We have audited the financial statements of International Corporate Governance Network Limited for the year ended 31 December 2011 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' Report.

Judith Newton, Senior statutory auditor
for and on behalf of Grant Thornton UK LLP, Statutory Auditor, Chartered Accountants
Milton Keynes

Date 28|4|12

Profit and loss account Year ended 31 December 2011

	Notes	2011 £	2010 £
Turnover		**1,047,312**	1,122,709
Direct costs		**(635,998)**	(505,036)
Gross surplus		**411,314**	614,673
Other income		**—**	21,439
Administration charges		**(502,207)**	(513,887)
Operating (deficit)/surplus on ordinary activities	1	**(90,893)**	122,225
Interest receivable	3	**458**	1,012
(Deficit)/surplus on ordinary activities before taxation		**(90,435)**	123,327
Tax on (deficit)/surplus on ordinary activities	4	**26,541**	(38,529)
(Accumulated deficit)/retained surplus for the financial year	10	**(63,894)**	84,708

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet 31 December 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	5	**4,654**	15,439
Intangible assets	6	**26,558**	10,183
Investments	7	**100**	100
		31,312	25,722
Current assets			
Debtors	8	**163,310**	61,595
Cash at bank and in hand		**364,293**	420,925
		527,603	482,520
Creditors: amounts falling due within one year	9	**(286,763)**	(172,196)
Net current assets		**240,840**	310,324
Net assets		**272,152**	336,046
Capital and reserves			
Profit and loss account	10	**272,152**	336,046

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the Board of Governors and authorised for issue on 19 April 2012 and are signed on their behalf by:

Francis Curtiss
(Member of the ICGN Board of Governors)

International Corporate Governance Network
Company registration number: 06467372 (England and Wales)

Cash flow statement 31 December 2011

	Notes	2011 £	2011 £	2010 £	2010 £
Net cash outflow from operating activities	A		**(28,382)**		201,185
Returns on investments and servicing of finance					
Interest received		**458**		1,012	
Net cash on returns on investments and servicing of finance			**458**		1,012
Taxation paid			**(25,102)**		(35,124)
Taxation received			**13,980**		—
Capital expenditure					
Payments to acquire					
– tangible assets		**(1,211)**		(10,183)	
– intangible assets		**(16,375)**		—	
Net cash outflow for capital expenditure			**(17,586)**		(10,183)
Net cash outflow before management of liquid resources and financing	B		**(56,632)**		156,890
Decrease in cash in the year	C		**(56,632)**		156,890

A Reconciliation of operating (deficit)/surplus to net cash outflow from operating activities

	2011 £	2010 £
Operating (deficit)/surplus	**(90,893)**	122,225
Depreciation of tangible assets	**11,996**	12,960
(Increase)/decrease in debtors	**(101,715)**	123,768
Increase/(decrease) in creditors within on year	**152,230**	(57,768)
Cash generated from operating activities	**(28,382)**	201,185

B Analysis of net funds

	1 January 2011 £	Cash flow £	31 December 2011 £
Cash at bank and in hand	420,925	56,632	**364,293**
Net funds	420,925	56,632	**364,293**

C Reconciliation of net cash flow to movement in net funds

	2011 £	2010 £
(Decrease)/increase in cash in the year	**(56,632)**	156,890
Movement in net funds	**(56,632)**	156,890
Opening net funds	**420,925**	264,035
Closing net funds	**364,293**	420,925

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standards for Smaller Entities (effective April 2008). The financial statements have been prepared on a going concern basis. In considering the going concern the directors have take into account the operating loss incurred in the year and reviewed the company's future cash requirements and earning projections and have concluded that the company will be able to operate within its current funding arrangements.

The accounts are prepared for the entity only as the subsidiary is dormant and consolidated accounts have therefore not been prepared.

Turnover

Turnover for the year represents amounts receivable for membership subscriptions and conference income for conferences in the year, excluding VAT. Subscription income received in advance of the current year is carried forward as deferred income and included in creditors at the year end. Similarly, income received and costs incurred in advance for the future conferences is included in deferred income and prepayments, respectively, at the balance sheet date.

Direct costs

All items of expenditure directly attributable to the generation of income have been shown as direct costs.

Fixed assets

Fixed assets are depreciated over their estimated useful lives of between three and ten years, by applying the straight line method, to give a nil residual value. The website was an asset under development and was amortised once it was fully operational in April 2009.

Intangible assets

Development costs of creating the Master class programme have been capitalised and will be amortised over three years from the date the programme starts.

Stakeholder pension scheme

Employees of the company may participate in stakeholder pension scheme undertaking. Contributions are charged to the profit and loss account as they are payable.

Foreign currency transaction

Transactions denominated in foreign currency are translated into sterling at the exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are re-translated into sterling at rates of exchange ruling at the end of the financial year. All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the company will comply with the conditions attached to them. Grants related to expenses are treated as turnover in the profit and loss account.

Notes to the financial statements 31 December 2011

1 Operating (deficit)/surplus

Operating (deficit)/surplus is stated after charging:	2011 £	2010 £
Depreciation of tangible assets	**11,996**	12,960
Auditors' remuneration:		
Audit services – current auditor	**8,208**	7,500
Audit services – previous auditor	—	3,218
Non audit remuneration – tax advice	**8,250**	3,000

2 Employment costs and directors' remuneration

	2011 £	2010 £
Staff employment costs		
Wages and salaries	**302,763**	333,935
Social security costs	**38,840**	26,254
Other pension costs	**23,813**	20,258
	365,416	380,447

	2011 Number	2010 Number
The average number of employees (excluding directors during the year was)	**5**	5

No directors received any remuneration from the company (2010 - £nil).

3 Interest receivable

	2011 £	2010 £
Bank interest	**400**	1,012
Other interest	**58**	—
	458	1,012

4 Taxation on (deficit)/surplus on ordinary activities

(a) Analysis of charge in the year

The taxation charge on (deficit)/surplus on ordinary activities comprises:	2011 £	2010 £
Corporation tax charge for the current year 20.25%	**1,000**	37,000
Adjustment for prior years	**(27,541)**	1,529
	(26,541)	38,529

4 Taxation on (deficit)/surplus on ordinary activities (continued)

(b) Factors affecting taxation charge for the year

The corporation taxation charge is assessed for the year is different from that at the standard rate of corporation tax in the United Kingdom of 20.25% (2010 - 21%). The differences are explained below. ICGN has to pay corporation tax on its non mutual element relating to conferences. In 2010 corporation tax was also applied to Brazilian bank interest.

	2011	2010
	£	£
(Deficit)/surplus on ordinary activities before taxation	**(90,435)**	123,237
(Deficit)/surplus on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 20.25%	**(18,313)**	25,880
Effects of:		
Income not assessable for taxation purposes	**(90,512)**	(128,323)
Expenditure not allowable for taxation purposes	**109,825**	139,443
Adjustment for prior year	**(27,541)**	1,529
Current taxation charge – note 4(a)	**(26,541)**	38,529

5 Tangible fixed assets

	Total
	£
Cost	
At 1 January 2011	**39,767**
Additions	**1,211**
At 31 December 2011	**40,978**
Depreciation	
At 1 January 2011	**24,328**
Charge for the year	**11,966**
At 31 December 2011	**36,324**
Net book value	
At 31 December 2011	**4,654**
At 31 December 2010	**15,439**

6 Intangible fixed assets

	Master class
Cost	
At 1 January 2011	10,183
Additions	16,375
At 31 December 2011	26,558
Net book values	
At 31 December 2011	26,558
At 31 December 2010	10,183

The development costs of the master class have been capitalised during the year, and once the master class begins in 2013 these costs will be amortised over three years from that date, being the deemed period of the project.

7 Fixed assets investments

	ICGN Limited £
Cost and net book value at 31 December 2010 and 2011	**100**

The principal subsidiary undertaking was:

Name	**Type of shares**	Net assets at 31 December 2011
ICGN Limited	Ordinary of £1	100

The ICGN Limited shareholding was transferred from the former International Corporate Governance Network association during 2009 for nil consideration. The capital and reserves at 31 December 2011 are £100.

8 Debtors

	2011 £	2010 £
Trade debtors	**48,840**	14,850
Other debtors	**2,256**	712
Prepayments and accrued income	**112,214**	46,033
	163,310	61,595

9 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	**25,041**	15,231
Amounts due to group undertakings	**100**	100
Other creditors	**103,632**	14,213
Amounts due to non-subsidiary - ICGN Academy	**11,340**	11,340
Taxes and social security costs	**41,112**	26,529
Corporation tax	**857**	38,520
Accruals and deferred income	**104,681**	66,263
	286,763	172,196

10 Profit and loss account

	2011 £	2010 £
Retained surplus brought forward		
At 1 January 2011	**336,046**	251,338
(Deficit)/surplus for the year	**(63,894)**	84,708
Retained surplus at 31 December 2011	**272,152**	336,046

11 Called up share capital

The International Corporate Governance Network Limited is a company limited by guarantee. The members of the company are liable to the extent of £1 each up to the first anniversary of ceasing to be a member.

12 Capital commitments and contingent liabilities

Capital commitments existing at the balance sheet date amount to £nil (2010 - £nil).

13 Contingent liability

There were no contingent liabilities at the balance sheet date. (2010 - £nil).

14 Financial commitments

At 31 December 2011, the company was committed to making the following payments under non-cancellable leases in the year to 31 December 2012:

	Land and buildings	
	2011 £	2010 £
Operating leases which expire:		
Within one year	—	—
Between two and five years	**16,927**	9,000

15 Grant income

During the year the company received £52,552 (2010 - £nil) from the European Commission in relation to the ESG Integration Project. As the project does not commence until 2012 and is due to end in March 2013, the income was deferred.