

**International Corporate Governance
Network**

Directors' report and financial statements

For the year ended 31 December 2019

Registered number: 06467372

International Corporate Governance Network

Company Information

| | |
|--------------------------|---|
| Directors | M Ararat I Burger D Couldridge G Iguchi A-M Jourdan C Kruse A Molyneux P Schneider R Walker M Cho (appointed 15 July 2019) D Konigsburg (appointed 15 July 2019) C Chow (appointed 15 July 2019) |
| Registered number | 06467372 |
| Registered office | Saffron House 6-10 Kirby Street London EC1N 8TS |
| Auditor | Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 199 Avebury Boulevard Milton Keynes MK9 1AU |
| Bankers | Lloyds Bank plc 39 Threadneedle Street London EC2R 8AU |

International Corporate Governance Network

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International Corporate Governance Network

Directors' report

For the year ended 31 December 2019

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 of the company and of the profit or loss of the company for that period.

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;
- 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 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 to 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.

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Directors' report (continued)

For the year ended 31 December 2019

Principal activities and business review

Led by investors responsible for assets under management in excess of \$US 34 trillion, ICGN is a leading authority on global standards of corporate governance and investor stewardship. We promote high standards of professional practice among companies and investors alike in their pursuit of long-term value creation contributing to sustainable economies world-wide. This is achieved through three core objectives:

- Influencing policy through ICGN Principles, investor-led global standards for governance and stewardship.
- Connecting investors and companies at high quality events with unrivalled opportunities for networking,
- Informing high standards of corporate governance and investor stewardship practices through professional development and dialogue.

There were 798 members as at 31 December 2019, an increase of 49 members compared to the previous year.

Influencing policy

ICGN is regarded as a primary source of global investor opinion on corporate governance and investor stewardship and is regularly invited by standard-setters and others to help raise standards around the world. This agenda increasingly extends to environmental and social factors when considering the long-term success of companies, thereby contributing to financial market sustainability and societal wealth.

Our policy activities are defined by ICGN Principles and shaped by Annual Policy Priorities which are communicated in comment letters and face-to-face dialogue with regulators, the development of guidelines and viewpoints, public/ media engagement and the delivery of webinars. Specific activities undertaken in 2019 include:

- Submission of 21 comment letters to national regulators including in Germany, Hong Kong, Japan, Netherlands, Spain, UK and USA and multi-lateral bodies such as the European Commission, Organisation for Economic Co-operation and Development and the International Accounting Standards Board;
- Representation on the International Auditing and Assurance Standards Board Consultative Advisory Group, International Ethics Standards Board for Accountants Consultative Advisory Group, International Integrated Reporting Council, the International Financial Reporting Standards Advisory Council and the Japan Financial Services Agency Council of Experts on the follow-up to the Stewardship and Corporate Governance Codes;
- Revision of the ICGN Global Stewardship Principles in consultation with the ICGN Shareholder Responsibilities Committee and ICGN Members.
- Revision of the ICGN Guidance on Anti-corruption in consultation with the ICGN Shareholder Responsibilities Committee and ICGN Members; and
- Issuance of Viewpoint statements on the role of the creditor in corporate governance and stewardship, corporate boards and innovation, an investor framework for addressing systemic risk and capital allocation.

International Corporate Governance Network

Directors' report (continued)

For the year ended 31 December 2019

Connecting peers

The ICGN Annual Conference was held in Tokyo in July and hosted by the Tokyo Stock Exchange. Two regional events were held in Amsterdam in February, hosted by Eumedion and in Miami in October, hosted by the Florida State Board of Administration. We also organised the second ICGN Global Stewardship Forum & Awards in London in November following the success of the inaugural event in 2018.

ICGN established, and provides secretariat support for, the Global Network of Investor Associations (GNIA) and the Global Stewardship Codes Network (GSCN). The GNIA is a group of investor led organisations with a common interest in promoting shareholder rights and responsibilities. The group has members from Australia, Brazil, Canada, France, Germany, Hong Kong, Italy, Malaysia, Netherlands, UK and the USA.

The GSCN is a forum for organisations responsible for developing and implementing stewardship codes to exchange information and ideas. The Network now has 19 members from five continents. In 2019 there were presentations on updates to the UK and Japanese Stewardship Codes and the ICGN's Global Stewardship Principles, and a progress report on the US Investor Stewardship Principles.

Informing dialogue

ICGN delivered three training courses for investors on how to integrate environmental, social and governance factors into the investment decision-making process. Courses were held in the Netherlands, hosted by Kempen Asset Management, Tokyo, hosted by the Tokyo Stock Exchange and Miami, hosted by DRRT.

The Course, renamed to Governance, Stewardship & Sustainability, was comprehensively reviewed and revised with enhanced focus around investor stewardship obligations. Additionally, in an effort to strengthen ties between academia and market practitioners around corporate governance research priorities, ICGN held an Academic Day, hosted by APG Asset Management in the Netherlands.

We convened a series of webinars during the year on a range of subjects including investor fiduciary duty, stewardship disclosures, the role of creditors in governance and stewardship, innovation and board decision-making and how to engage boards on climate change risks.

All webinar recordings are available to ICGN Members alongside Viewpoint Reports on each subject. The ICGN also published the ICGN Yearbook which included a wide variety of perspectives on emerging corporate governance trends and priorities around the world and was distributed to Members.

Results for the year

The loss for the year, after taxation, amounted to £17,779 (2018 - profit £31,126).

The overall net effect on reserves is a decrease from £623,200 at 31 December 2018 to £605,421 at 31 December 2019.

International Corporate Governance Network

Directors' report (continued)

For the year ended 31 December 2019

Directors

The directors who served during the year were:

M Ararat

I Burger

D Couldridge

D Hollinger (resigned 6 August 2019)

G Iguchi

A-M Jourdan

C Kruse

M McCauley (resigned 6 August 2019)

A Molyneux

P Schneider

G Stapledon (resigned 6 August 2019)

R Walker

M Cho (appointed 15 July 2019)

D Konigsburg (appointed 15 July 2019)

C Chow (appointed 15 July 2019)

Financial risk management

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 capitalisation.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Impact of Covid-19

The impact of the COVID-19 pandemic has been considered by the board and secretariat. The health and safety of employees and members is the ICGN's immediate and first priority. Technological capabilities have ensured that each board member and employee has the ability to work effectively and efficiently outside the ICGN offices, which ensures the continuation of the ICGN's activities, albeit with the exception of events scheduled throughout the year.

In terms of events, the ICGN deferred to October its conference scheduled to be held in Seoul at the end of February. The annual conference has also been deferred until later in the year. Given uncertainties surrounding the longevity and severity of this global crisis, extensive financial planning and cashflow forecasting have been conducted based on a variety scenarios. This has included all events being deferred to the end of this year, through to all 2020 events being cancelled as a worst-case scenario. Key suppliers, sponsors and conference delegates have been consulted to ensure scenario plans, including cashflow forecasts, contain data that is as reliable as possible. Each of the scenarios will have a negative impact on the ICGN's cashflow. However, the ICGN does not anticipate significant concerns surrounding cashflow but does expect to report a financial loss for the full year. The ICGN has sufficient reserves that exceed the expected loss in the worst-case scenario that all 2020 events are cancelled.

International Corporate Governance Network

Directors' report (continued)

For the year ended 31 December 2019

Auditor

The auditor, Grant Thornton UK LLP, will not seek reappointment for the following financial period.

Small companies exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

Ian Burger

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I Burger
Director

Date: 21/5/2020

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

For the year ended 31 December 2019

Opinion

We have audited the financial statements of International Corporate Governance Network (the 'company') for the year ended 31 December 2019, which comprise the Statement of income and retained earnings, the Statement of financial position, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

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

For the year ended 31 December 2019

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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

For the year ended 31 December 2019

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 1, 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

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

For the year ended 31 December 2019

Use of our report

This report is made solely to the company's members, 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, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Mitesh Tanna (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Milton Keynes

Date: 21/5/2020

International Corporate Governance Network

Statement of income and retained earnings

For the year ended 31 December 2019

| | Note | 2019 £ | 2018 £ |
|---|------|-----------------|-----------|
| Turnover | | 1,759,761 | 1,662,897 |
| Cost of sales | | (787,897) | (738,695) |
| Gross profit | | 971,864 | 924,202 |
| Administrative expenses | | (990,543) | (893,768) |
| Operating (loss)/profit | 4 | (18,679) | 30,434 |
| Interest receivable and similar income | | 900 | 692 |
| (Loss)/profit before tax | | (17,779) | 31,126 |
| (Loss)/profit after tax | | (17,779) | 31,126 |
| Retained earnings at the beginning of the year | | 623,200 | 592,074 |
| | | 623,200 | 592,074 |
| (Loss)/profit for the year | | (17,779) | 31,126 |
| Retained earnings at the end of the year | | 605,421 | 623,200 |

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of income and retained earnings

The notes on pages 13 to 22 form part of these financial statements.

International Corporate Governance Network - Registered number: 06467372**Statement of financial position**

As at 31 December 2019

| | Notes | 2019 £ | 2018 £ |
|--|-------|-----------------------|-----------------------|
| Fixed assets | | | |
| Tangible assets | 7 | 12,646 | 17,578 |
| Investments | 8 | 100 | 100 |
| | | <u>12,746</u> | <u>17,678</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 9 | 249,596 | 178,622 |
| Cash at bank and in hand | 10 | 980,754 | 815,094 |
| | | <u>1,230,350</u> | <u>993,716</u> |
| Creditors: amounts falling due within one year | 11 | (637,675) | (388,194) |
| Net current assets | | <u>592,675</u> | 605,522 |
| Total assets less current liabilities | | <u>605,421</u> | <u>623,200</u> |
| Net assets | | <u><u>605,421</u></u> | <u><u>623,200</u></u> |
| Capital and reserves | | | |
| Profit and loss account | | 605,421 | 623,200 |
| | | <u>605,421</u> | <u>623,200</u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf 21/5/2020

Ian Burger

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I Burger
 Director

The notes on pages 11 to 20 form part of these financial statements.

International Corporate Governance Network

Statement of cash flows

For the year ended 31 December 2019

| | 2019 £ | 2018 £ |
|---|-----------------|-----------|
| Cash flows from operating activities | | |
| (Loss)/profit for the financial year | (17,779) | 31,126 |
| Adjustments for: | | |
| Depreciation of tangible assets | 6,062 | 3,042 |
| Interest received | (900) | (692) |
| (Increase)/decrease in debtors | (70,974) | 7,715 |
| Increase in creditors | 249,481 | 61,090 |
| Net cash generated from operating activities | 165,890 | 102,281 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (1,130) | (15,611) |
| Interest received | 900 | 692 |
| Net cash from investing activities | (230) | (14,919) |
| Net increase in cash and cash equivalents | 165,660 | 87,362 |
| Cash and cash equivalents at beginning of year | 815,094 | 727,732 |
| Cash and cash equivalents at the end of year | 980,754 | 815,094 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 980,754 | 815,094 |
| | 980,754 | 815,094 |

The notes on pages 13 to 22 form part of these financial statements.

International Corporate Governance Network

Notes to the financial statements

For the year ended 31 December 2019

1. General information

International Corporate Governance Network is a private company limited by guarantee and is registered in England and Wales. Its company registration number is 06467372. The registered office and principal place of business of the company is Saffron House, 6-10 Kirby Street, London, EC1N 8TS.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 Section 1A, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and the Companies Act 2006 and on the basis that the company is a going concern.

The preparation of financial statements in compliance with FRS 102 Section 1A requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The company has taken small company exemptions under FRS 102 Section 1A not to disclose turnover by segment and location as well as the need to disclose deferred taxation separately from the amount of provision for other taxation.

The company is part of a small group and is therefore not required to prepare consolidated accounts.

The following principal accounting policies have been applied:

2.2 Going concern

Given uncertainties surrounding the longevity and severity of this global crisis, extensive financial planning and cashflow forecasting have been conducted based on a variety scenarios. This has included all events being deferred to the end of this year, through to all 2020 events being cancelled. Key suppliers, sponsors and conference delegates have been consulted to ensure scenario plans, including cashflow forecasts, contain data that is as reliable as possible. Each of the scenarios will have a negative impact on the ICGN's cashflow. However, the ICGN does not anticipate significant concerns surrounding cashflow but does expect to report a financial loss for the following full year. The ICGN has sufficient reserves that exceed the expected loss in the worst-case scenario that all 2020 events are cancelled and therefore the director's assessment is that ICGN will continue to be a going concern from 12 months of signing.

International Corporate Governance Network

Notes to the financial statements

For the year ended 31 December 2019

2. Accounting policies (continued)

2.3 Revenue

Turnover for the year represents amounts receivable for membership subscriptions and conference income for conferences in the year, net of VAT.

Subscription income received in advance of the current year is carried forward as deferred income and included in creditors at the year end.

Income received and costs incurred in advance for the future conferences is included in deferred income and prepayments, respectively, at the balance sheet date.

Scholarship income is recognised on a matching basis.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following basis:

| | | |
|---------------------|---|-------------------|
| Website development | - | 33% straight line |
|---------------------|---|-------------------|

2.5 Tangible assets

Tangible 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.

The company adds to the carrying amount of an item of tangible asset the cost of replacing part of such an item when that cost exceeds £500, 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 the statement of income and retained earnings during the period in which they are incurred.

International Corporate Governance Network

Notes to the financial statements

For the year ended 31 December 2019

2. Accounting policies (continued)

2.5 Tangible assets (continued)

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 bases:

| | |
|--------------------|---------------------|
| Office equipment | - 10% straight line |
| Computer equipment | - 33% 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 statement of income and retained earnings.

2.6 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight line basis over the lease term.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

International Corporate Governance Network

Notes to the financial statements

For the year ended 31 December 2019

2. Accounting policies (continued)

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.9 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.

2.10 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

2.11 Creditors

Short term creditors are measured at the transaction price.

2.12 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income and retained earnings within 'administrative expenses'. All other foreign exchange gains and losses are presented in the statement of income and retained earnings within 'other operating income'.

International Corporate Governance Network

Notes to the financial statements

For the year ended 31 December 2019

2. Accounting policies (continued)

2.13 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

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

In the application of the company's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not consider that there were any significant areas of estimation uncertainty or application of judgement.

International Corporate Governance Network

Notes to the financial statements

For the year ended 31 December 2019

4. Operating deficit

The operating deficit is stated after charging:

| | 2019 £ | 2018 £ |
|---|---------------|---------------|
| Depreciation of tangible fixed assets | 6,062 | 3,042 |
| Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements | 12,400 | 12,000 |
| - Taxation services | 3,200 | 3,100 |
| - Other services | 600 | 575 |
| Other operating lease rentals | 28,110 | 28,110 |
| Defined contribution pension cost | <u>25,112</u> | <u>18,311</u> |

During the year, none of the directors received any emoluments (2018: £nil).

5. Employees

The average monthly number of employees, including directors, during the year was 22 (2018 - 20).

| | 2019 £ | 2018 £ |
|-------------------------------------|----------------|----------------|
| Wages and salaries | 582,762 | 558,372 |
| Social security costs | 67,195 | 59,700 |
| Cost of defined contribution scheme | 25,112 | 18,311 |
| | <u>675,069</u> | <u>636,383</u> |

The average monthly number of employees, excluding the directors, during the year was 10 (2018 - 9).

International Corporate Governance Network

Notes to the financial statements

For the year ended 31 December 2019

6. Intangible assets

| | Website development £ |
|-----------------------|-----------------------------|
| Cost | |
| At 1 January 2019 | 34,465 |
| At 31 December 2019 | <u>34,465</u> |
| Amortisation | |
| At 1 January 2019 | 34,465 |
| At 31 December 2019 | <u>34,465</u> |
| Net book value | |
| At 31 December 2019 | <u><u>-</u></u> |
| At 31 December 2018 | <u><u>-</u></u> |

International Corporate Governance Network

Notes to the financial statements

For the year ended 31 December 2019

7. Tangible assets

| | Computer equipment £ | Office equipment £ | Total £ |
|-------------------------------------|----------------------------|--------------------------|---------------|
| Cost or valuation | | | |
| At 1 January 2019 | 23,965 | 10,584 | 34,549 |
| Additions | 1,130 | - | 1,130 |
| At 31 December 2019 | <u>25,095</u> | <u>10,584</u> | <u>35,679</u> |
| Depreciation | | | |
| At 1 January 2019 | 11,527 | 5,444 | 16,971 |
| Charge for the year on owned assets | 5,004 | 1,058 | 6,062 |
| At 31 December 2019 | <u>16,531</u> | <u>6,502</u> | <u>23,033</u> |
| Net book value | | | |
| At 31 December 2019 | <u>8,564</u> | <u>4,082</u> | <u>12,646</u> |
| At 31 December 2018 | <u>12,438</u> | <u>5,140</u> | <u>17,578</u> |

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8. Fixed asset investments

| Cost or valuation | Investments in subsidiary companies |
|--------------------------|--|
| | £ |
| At 1 January 2019 | 100 |
| At 31 December 2019 | 100 |
| Net book value | |
| At 31 December 2019 | 100 |
| At 31 December 2018 | 100 |

Subsidiary undertakings

The following were subsidiary undertakings of the company:

| Name | Country of incorporation | Class of shares | Holding | Principal activity |
|---|---------------------------------|------------------------|----------------|---------------------------|
| ICGN Limited | England and Wales | Ordinary | 100% | Dormant |
| International Corporate Governance Network Foundation | England and Wales | n/a | n/a% | Dormant |
| International Corporate Governance Network Foundation (USA) | United States | n/a | n/a% | Dormant |

| Name | Registered office |
|---|--|
| ICGN Limited | Saffron House, 6-10 Kirby Street, London, EC1N 8TS |
| International Corporate Governance Network Foundation | Saffron House, 6-10 Kirby Street, London, EC1N 8TS |
| International Corporate Governance Network Foundation (USA) | c/o Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 |

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings was as follows:

| Name | Aggregate of share capital and reserves |
|--------------|--|
| | £ |
| ICGN Limited | 100 |
| | 100 |

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Notes to the financial statements

For the year ended 31 December 2019

9. Debtors

| | 2019 £ | 2018 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 169,139 | - |
| Other debtors | 12,907 | 29,146 |
| Prepayments and accrued income | 67,550 | 149,476 |
| | <u>249,596</u> | <u>178,622</u> |

10. Cash and cash equivalents

| | 2019 £ | 2018 £ |
|--------------------------|----------------|----------------|
| Cash at bank and in hand | 980,754 | 815,094 |
| | <u>980,754</u> | <u>815,094</u> |

11. Creditors: amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 31,625 | 16,407 |
| Other taxation and social security | 86,399 | 52,141 |
| Other creditors | 15,788 | 7,492 |
| Accruals and deferred income | 503,863 | 312,154 |
| | <u>637,675</u> | <u>388,194</u> |

12. Company status

The company is a private company limited by guarantee and consequently does not have share capital. The members of the company are liable to the extent of £1 each up to the anniversary of ceasing to be a member.

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13. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2019 £ | 2018 £ |
|--|----------------|----------------|
| Not later than 1 year | 28,962 | 28,962 |
| Later than 1 year and not later than 5 years | 112,670 | 112,670 |
| Later than 5 years | 110,323 | 138,490 |
| | <u>251,955</u> | <u>280,122</u> |

14. Related party transactions

There were no transactions with related parties, including the subsidiary undertakings during the year ended 31 December 2019 (2018: £nil).

15. Controlling party

In the opinion of the directors, there was no ultimate controlling party during the two years ended 31 December 2019.

16. Post balance sheet events

During March 2020, the COVID19 pandemic emerged in the UK and has caused major disruption to the economy and day-to-day activities. It is not possible to make an estimate of the financial impact of these events. As explained in note 2.2, the company has sufficient cash to meet its expenses and as such continues to be a going concern.