

# Corporate Governance Statement *(Continued)*

## **INDEPENDENCE OF DIRECTORS *(Continued)***

Like each of the other non-executive directors, he discharges his duties in a proper and consistently independent manner and constructively and appropriately challenges the executive directors and the board.

## **EVALUATION OF THE PERFORMANCE OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

In December 2009, as part of an annual process, the board undertook an evaluation of its own performance, and that of its committees and of each individual director throughout the year. In assessing the performance of the board, the directors considered such matters as the appropriateness of its composition, its effectiveness in developing group strategy, its contribution to managing the group's business and operational risks, its response to developing issues and its communications with the group's stakeholders. In assessing the performance of the committees of the board, the directors considered the appropriateness of their composition and terms of reference, their effectiveness in fulfilling their roles and their interactions with the board. The assessment of the performance of individual directors included consideration of the contribution to the effective functioning of the board, the appropriateness of their knowledge, skill and experience levels and their commitment to their roles. The chairman summarised the results of these evaluation processes and reported them to the board. In addition, the non-executive directors met privately to evaluate the effectiveness of the chairman. Following consideration of the results of these processes, the directors concluded that the performance of the board, its committees and individual directors were satisfactory throughout the year.

## **BOARD COMMITTEES**

The board has established two committees, an audit committee and a remuneration committee, to assist it in the execution of its duties.

## **AUDIT COMMITTEE**

The audit committee comprises of two non-executive directors, A. Kelliher (chairman) and A. White, both of whom are considered independent.

The purpose of the audit committee is to oversee the financial reporting processes and internal control systems of Blackrock. The committee held three meetings during the year which were attended by all members. The board is satisfied that at all stages during the year at least one member of the committee had recent and relevant financial experience.

In the course of its meetings, the audit committee reviewed the accounting policies adopted by the company, the annual and interim financial statements and any reports of the external auditors. The committee also evaluated the need for an internal audit function in the group and concluded that such was not necessary at this stage of the group's development. The committee has reviewed the company's system of risk management and internal controls and determined that these operated effectively during the reporting year.

The audit committee also satisfied itself that employees can raise concerns about possible improprieties in matters of financial reporting or other matters in confidence.

It also reviewed the external auditor's independence and the effectiveness of its planning for audit.

The audit committee adopted appropriate policies regarding the provision of non-audit services by the external auditors. The auditors are permitted to provide non-audit services that are not in conflict with auditor independence where they are considered by the committee to be the most appropriate to provide the services in the best interests of the group. The engagement of the auditors to perform non-audit services is authorised by the committee or pre-approved in accordance with policies and procedures established by the committee.

The external auditors have full and unrestricted access to the audit committee.

## **REMUNERATION COMMITTEE**

The remuneration committee comprises two non-executive directors, D. McCourt (chairman) and A. Kelliher, both of whom are considered independent. The committee met three times during the year to determine the emoluments of executive directors and senior management, including basic salaries and the parameters for any possible bonus payments. The underlying objective is to ensure that individuals are rewarded appropriately relative to their responsibility, experience and value to the group. Remuneration policy reflects the need to ensure that the group can attract, retain and motivate executives to perform at the highest levels of expectation.

The executive directors' level of bonus earned in any one year depends on an assessment of individual performance and the overall performance and activities of the group.

# Corporate Governance Statement *(Continued)*

## **NOMINATIONS**

The board plans for its own succession and that of management. In view of the current size of the company, the board has not established a nominations committee. Directorships and senior management appointments are considered and recommended by the board.

## **INTERNAL CONTROLS**

The board has overall responsibility for the group's system of internal control and for monitoring its effectiveness. The system of internal control applied by the company is designed to allow reasonable but not absolute assurance against material misstatement or loss. The board has established an organisational structure with clear operating and reporting procedures, lines of responsibility, authorisation limits, segregation of duties and delegated authority.

The board has reviewed the effectiveness of the group's systems of internal controls, covering all material controls, including financial, operational and compliance controls and risk management systems and the directors believe that the group has, throughout the reporting year and up to the date of approval of the financial statements, complied with the principles and provisions of the FRC Combined Code on Corporate Governance (June 2008) on internal control.

On a regular basis, the board receives reports on the key risks facing the business and the steps taken to manage such risks. It further considers whether those risks are being identified, evaluated and appropriately managed, having regard to the balance of risk, cost and opportunity.

The audit committee regularly meets with and receives reports from the external auditors. The chairman of the audit committee reports to the board on all significant issues considered by the committee and the minutes of its meetings are circulated to all directors.

## **COMMUNICATIONS WITH SHAREHOLDERS**

Communications with shareholders are given high priority and there is regular dialogue between group executives and its principal shareholders. Financial results are communicated promptly to shareholders as well as major property acquisitions, in accordance with the requirements of the IEX and AIM Rules.

The company's Annual General Meeting affords individual shareholders the opportunity to question the chairman and members of the board. Notice of the Annual General Meeting is sent to shareholders at least 20 working days before the meeting. At the meeting, after each resolution has been dealt with, details are given of the number of proxies lodged, together with details of votes cast for and against each resolution.