

asai

22nd Annual Report and Financial Statements 2002



advertising standards authority for ireland

asai

coat of arms

The coat of arms or official heraldic achievement of the Advertising Standards Authority for Ireland was granted by the Chief Herald of Ireland and Registered in his Office in April, 1983.

The design and composition of the arms graphically symbolise the sphere of influence as well as the function of ASAI.

The heraldic arrangement of the national tinctures enhanced by the wreathed cross is designed to suggest the packaging of goods on a nationwide basis while the lion, traditional symbol of active vigilance, signifies the role of ASAI as overseer in relation to the advertising of those goods.

The shield, historically an emblem of defence, is symbolic of the protection afforded the consumer public by the ASAI which seeks to establish and maintain principled advertising in Ireland.

All these items are encapsulated in the slogan or motto of ASAI, FIANT SECUNDUM DESCRIPTIONEM BONA - let the product accord with its description - which bespeaks the ideal of the Advertising Standards Authority for Ireland.



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Joseph C. McGough
K.M., S.C., C.I. Mgt.

I am pleased to present the 22nd Annual Report of the ASAI to our Members, to the various bodies both Governmental and non-Governmental that are interested in our work and to the public at large. We recently changed our reporting period from the mid-year to mid-year reporting period, which we had followed since ASAI was set up in 1981, to coincide with the calendar and the tax year. This represents the first report to cover a full calendar year, the year 2002.

The year was characterised, once again, by a period of increased activity for the ASAI with more complaints than in any previous year. The publication of the formal adjudications of the independent Complaints Committee attracted increasing attention from the public media. The fact that not everyone agreed with all our adjudications comes as no surprise and indeed any regulatory body doing its job properly cannot hope to keep everyone happy all the time. Maintaining a proper balance between the concerns of consumers and the freedom to advertise while keeping within the letter and the spirit of the ASAI Codes is not always an easy task. Nevertheless the Codes state quite specifically that they are to be administered primarily in the interests of consumers, an approach that is well accepted and appreciated by the advertising industry.

The introduction of the new Codes in April 2002 brought with it a considerable amount of work for the ASAI particularly in the area of advertising of alcoholic drinks. The rules relating to this advertising were strengthened in the new Code primarily for the protection of young people. The number of complaints arising in this sector rose considerably leading to some 14 advertisements being found to be in breach of the Codes during the year as a whole. There was also a large increase in the number of proposed advertisements being put to the ASAI Secretariat for the benefit of their pre-publication vetting advice. I am particularly happy to put on record the Authority's appreciation of the full co-operation of the alcohol industry with the staff of ASAI throughout the year. This extended beyond prompt and efficient co-operation during the complaints handling procedures. During the year, various advertisers and agencies involved in this sector invited the Chief Executive of ASAI,

together in some cases with the Chief Executive of the Association of Advertisers in Ireland, to address them on the implications of the new Code and to give advice on the new more stringent requirements. There can be little doubt that the role of self-regulation played by the ASAI during 2002 contributed greatly to meeting the concerns about alcohol advertising.

We were very sorry to lose two long-serving Members from the independent Complaints Committee during 2002. Dr Miriam Hederman O'Brien retired in 2002 after 14 years of distinguished service with the Committee. Miriam served as a lay person on the Committee in the sense that she was not associated with nor had a background in the advertising industry. Mr Frank Goodman served for 10 years on the Complaints Committee as a nominee of the Director of Consumer Affairs and retired in October. It pleased me greatly that Frank has recently accepted the invitation of the Board to serve as the independent chairperson of the Complaints Committee, a role that until now has been combined with that of the Chair of ASAI.

The ASAI was not immune to the adverse economic environment suffered by businesses and economies world-wide in 2002. The ASAI is financed in the main by a levy on advertising spend which itself suffered considerably in the period under review. As a result the ASAI shows a deficit this year, which it can meet from its reserves from happier times. It is essential that the industry continues its wholehearted financial support for the ASAI to enable it to meet its increasing workload and to play its role in convincing the public and their representatives that advertising self-regulation is preferable to regulation by statute.

I would like to pay tribute to the representatives of the advertising industry who serve as members of the Board of ASAI or as members of the Complaints Committee. I would also like to express my thanks to the non-industry members of the Complaints Committee including the four nominees of the Director of Consumer Affairs.

Finally on behalf of the Board and the Complaints Committee I would like to express our thanks to the Chief Executive, Edward McCumiskey, to the Assistant Chief Executive, Larry McCarthy, to Orla Twomey, Seona Parker and to Mairéad Collins for their efficient and courteous discharge of the Authority's business during the year.



Dr. J.C. McGough
Chairman



— **Joseph C. McGough**
K.M., S.C., C.I. Mgt.
Chairman

Advertiser Members



— **Jennifer Balfe**

The Board is responsible for managing the business of the ASAI and for drawing up and implementing the Codes of Advertising Standards and Sales Promotion Practice. The Board is empowered to exercise a disciplinary function over ASAI members.



— **Michael Caraher**



— **Denis Henderson**



— **Deirdre Keogh**

Media Members



Terry Buckley



JP Cusack



Brendan McCabe



Colm Molloy

Agency Members



Clodagh Hannon



Helen Marks



Ruth Payne



Steve Shanahan

alcoholic drinks

Advertisements should not be directed at minors (those under 18 years of age) or in any way encourage them to start drinking.

Section 6.4 of the Code of Advertising Standards

Treatments that are likely to appeal to minors should not be used. Advertisements should not feature characters (real or fictitious), motifs, colours or styles that are likely to appeal particularly to minors in a way that would encourage them to drink.

Section 6.4(b) of the Code of Advertising Standards

This 22nd Annual Report of the Advertising Standards Authority for Ireland (ASAI) relates to the year 2002. Founded in 1981, the ASAI's role is to maintain the highest ethical standards in commercial advertising in Irish media. It does this by enforcing the Codes of Advertising Standards and of Sales Promotion Practice whose primary objectives are to ensure that all commercial advertising in the media is 'legal, decent, honest and truthful'.

The ASAI's system of advertising self-regulation is not an easy option for the advertising industry. ASAI Codes are detailed and specific in the requirements they impose on advertisers, agencies and the media. The Codes have a body of general rules with a wide range of particular requirements to ensure compliance with the basic objectives of the Codes. Among these are rules relating to substantiation of advertising claims, legality, decency and propriety, honesty, truthfulness, prices, free offers, availability of products, comparisons, imitation and guarantees. Advertisements and promotions must also comply where relevant with the further rules relating to health and beauty, slimming, advertising and children, alcoholic drinks, financial services, distance selling, employment and business opportunities, occasional trading, environmental claims and sales promotion practices. Advertisers must comply with all the appropriate rules and the Codes are applied in the spirit as well as in the letter. Furthermore, a decision of the ASAI does not deprive a consumer, or an advertiser, of the right to take further action nor does it prejudice any rights under the law.

The Codes apply to commercial advertisements in all Irish based media - press, TV, radio, posters, cinema and paid-for advertising on the Internet. As members of ASAI, the media will refuse to carry an advertisement that the ASAI has found to be in breach of the Codes.

New Codes of Advertising Standards and of Sales Promotion Practice

The new Codes published in 2001 came into effect in April 2002. The work of reviewing the Codes involved considerable consultation both inside the industry and beyond. Observations were received from many sources including the Departments of Health and Children, Justice

and Law Reform, Enterprise, Trade and Employment, the Director of Consumer Affairs, the Equality Authority, the former Independent Radio and Television Commission, the Irish Churches Council for TV and Radio and the Ombudsman. The Codes carry new rules in relation to offensiveness, prices, the availability of products, advertising and children, alcoholic drinks and other matters.

Advertising of Alcoholic Drinks

The chapter of the Code of Advertising Standards concerning drinks advertisements was substantially modified with the principal aim of reducing the attractiveness of drinks advertisements to minors. During 2002 some 21 drinks advertisements were submitted to the Complaints Committee for formal adjudication and 14 of them were found to be in breach of the Codes on various grounds. Three were found to be using treatments that were likely to appeal to minors and seven were found to infer that alcohol can contribute to social or sexual success. The remainder failed to meet the requirements of the Code on various grounds such as being misleading, racist, featuring a person under 25 years of age and encouraging feats of daring. The screening of two drinks advertisements shown with a film likely to have a young audience was found not to be in breach of the Code in force up to April 2002 but the advertisers were told this would not conform with the new Code. The advertisements were withdrawn from showing with the film in question.

During the year, many useful meetings took place with the drinks industry and their various agencies to advise on the implications of the new Code for the advertising of alcoholic drinks. The industry also availed of the ASAI's pre-publication vetting service in an enthusiastic and co-operative manner.

Pre-Publication Vetting Service

The Secretariat of ASAI provides a pre-publication vetting service that is confidential, non-binding and free. Advertisers, agencies, media and promoters can obtain advice on whether a proposed advertisement or sales promotion conforms with the Codes. This service plays an important role of a preventative nature in ensuring high standards in advertising.

During the year 147 requests, up from 125 in 2001, were answered with advice on whether or not a proposed advertisement or sales promotion would contravene Code provisions. In addition, some 100 Members received informal advice relating to possibly contentious advertisements. Generally, written enquires are dealt with within 24 hours and phone enquires are dealt with immediately.

The alcohol sector at 43 gave rise to the largest number of requests for advice followed by the health and beauty sector at 41, which between them gave rise to more than half of the total requests received.

Members are urged to avail of the service as the advice given can help them avoid breaching the Codes and the ASAI has been pleased to note that this service is being availed of to an increasing extent. It is always made clear to enquirers that the ASAI cannot approve advertisements or sales promotions and acceptance of advice does not ensure that an advertisement or sales promotion will be considered acceptable by the independent Complaints Committee. The advice, however, can help Members avoid inconvenience and waste of resources on the production of advertising or a sales promotion that may conflict with the Codes.

Consumer Awareness of ASAI

The ASAI's effectiveness depends on the wholehearted support of the advertising industry, which it has enjoyed since it was first established, and the reliance that consumers place on the ASAI to meet any concerns that they may have in relation to particular advertisements. It is obviously of vital importance for the success of ASAI that it is well known among consumers and can be easily accessed by them. To achieve this, the ASAI takes measures to promote its awareness among consumers and to make its services more accessible. The inclusion of a complaint form on its internet website has opened a new avenue of approach for consumers that is being used to an increasing extent. The recruitment of an additional permanent member of staff during the year increased the ASAI's capacity to respond to consumers' concerns as well as helping to have cases dealt with more quickly.

Each year in the month of December, the ASAI commissions independent market research into consumer awareness throughout the country of advertising self-regulation and of the ASAI among adults aged 18 years and over. The overall level of awareness in 2002 has remained at the high level of recent years. The ASAI was particularly pleased to note that within the various age groups surveyed, the level of awareness of ASAI increased significantly among 18 – 24 year olds.

A further measure of consumer confidence in ASAI during 2002 was shown by the continuation of the rise in the number of formal complaints that has been experienced in recent years and which is now at its highest level ever.

The ASAI keeps itself in the public eye by its practice of regularly publishing its adjudications to the media and by displaying them on its website. This often leads to media attention and debate and also raises consumer awareness.

The ASAI would like to express its appreciation for the advertisements carried at no cost to ASAI by the regional and national press. These advertisements directed at the public are a useful reminder of the services that ASAI provide and are frequently mentioned by complainants.

Consumer Advisory Council

During the year, the ASAI participated in the proceedings of the Consumer Advisory Council which is now chaired by the Tánaiste and Minister for Enterprise, Trade and Employment, Mary Harney TD. The Council comprises a wide range of bodies both statutory and non-statutory with an interest in consumer affairs. It has two main purposes – firstly to keep its Members informed of on-going developments, both domestic and EU, of interest to consumers and secondly, to input Members' views to the Tánaiste on issues affecting consumers. At its meetings in 2002, the Council was briefed on the latest developments on consumer policy both in Ireland and at the European level.

European Advertising Standards Alliance

The ASAI is a founder member of the European Advertising Standards Alliance (EASA) which was set up in 1992 to promote and strengthen advertising

self-regulation in Europe. It is a non-profit organisation based in Brussels and is the single voice of the advertising industry in Europe on advertising self-regulation. It acts as the European co-ordination point for advertising self-regulatory bodies and systems across Europe. It brings together 28 self-regulatory organisations and 12 organisations representing the advertising industry (advertisers, agencies and the media) in Europe. After a period of negotiation, the advertising industries of Europe, together with the national self-regulatory organisations including the ASAI, completed at the beginning of 2002 a restructuring of the EASA to make it the single authoritative voice in Europe on advertising self-regulation issues.

In June of 2002 in a move to strengthen the existing highly effective system of self-regulation for advertising in Europe, the EASA announced the launch of its first ever statement of common principles and recommendations for operating best practice across the whole of Europe. In doing so the Alliance sought to stimulate improvements, where necessary, of existing national self-regulatory systems and to work towards greater convergence of key common principles of best practice in Europe. These common principles and recommendations are for use by the national self-regulatory organisations and are designed to guide the work of all participants in the self-regulatory process for offline and online advertising. They set out to maximise the benefits of self-regulation to consumers by ensuring that the individual consumer is the focus of attention. The new principles addressed areas of independence, transparency, accessibility, effectiveness, efficiency, complaint handling and enforcement.

The EASA has been actively involved in the debate with the European Commission on its proposals regarding marketing practices with regard to a framework directive and a separate enforcement proposal. It has made several submissions to the Commission on the Green Paper for Consumer Protection and its FollowUp communication. EASA and its members have played their part in the Commission's hearing on the Green Paper and the subsequent workshop discussing harmonisation of legislation covering Unfair Marketing Practices. Their concerns are that too heavy handed an approach by EU legislators could jeopardise the progress that the advertising industry is making in harnessing its obvious concerns to maintain the credibility of commercial communications. The EASA stresses that everyone benefits from effective self-regulation and industry has a clear interest in participating in making it successful.

ASAI wishes the EASA well in its endeavours and will continue to play an active role in its work.

Complaints

During 2002 ASAI received 1146 complaints (relating to 784 advertisements), which represented an increase of some 22% on the corresponding figure for the previous year. There were 88 complaints carried forward from the previous year, in respect of 39 advertisements. The ASAI dealt with 1174 complaints, involving 776 advertisements, leaving 60 complaints relating to 47 advertisements carried forward. The comparisons with the previous year are as follows: -

	2002		2001	
	Complaints	Advertisements	Complaints	Advertisements
Carried over	88	39	48	41
Received	1146	784	937	636
Dealt with	1174	776	897	638
Carried forward	60	47	88	39

complaints procedure

The ASAI accepts complaints from any person or body who considers that an advertisement or sales promotion may be in breach of the Codes.

Manual of Advertising Self-Regulation

While the 1174 complaints dealt with represented a 31% increase on 2001, the number of advertisements involved at 776 increased by 22% due to a slightly higher average number of complaints per advertisement, a continuation of a similar trend in the previous year. The total number of complaints remains quite insignificant when compared with the overall level of advertising in the various Irish media covered by ASAI – TV, radio, newspapers, magazines, posters, cinema, brochures, leaflets and paid-for advertising on the Internet.

Complaints are evaluated initially by the ASAI Secretariat to determine whether they come within the terms of reference of the ASAI and if so whether there is an apparent breach of the Code of Advertising Standards or the Code of Sales Promotion Practice. If there is, the advertiser or promoter or their agency is informed of the complaint and invited to comment on it in relation to the relevant Code. On receiving their response, the Secretariat, if it considers that circumstances warrant it,

prepares a summary of the case in the form of a draft Case Report with a recommendation as to whether the complaint ought to be upheld or not. After both parties have been given an opportunity to comment further on the draft Case Report with the recommendation, it goes to the independent Complaints Committee, which decides whether or not the Codes have been contravened. These procedures may be accelerated in cases of urgency and the Secretariat can call for interim action including the immediate withdrawal or amendment of the advertisement.

The following table shows how the various complaints were resolved during 2002. Details of the adjudications of the Complaints Committee are shown separately at pages 23 and 24.

The 1174 complaints processed during the year were resolved as follows:

	Complaints	2002 Advertisements	Complaints	2001 Advertisements
No apparent breach of Codes	598	418	398	304
Outside remit of ASAI	136	118	163	103
Complaint withdrawn	54	53	66	64
Advertisement withdrawn or changed	51	30	21	16
Anonymous complaint	6	6	8	8
Pursued by other regulatory body	8	8	1	1
Previously considered	11	7	4	4
Cross-Border - forwarded to EASA	27	20	16	13
Adjudicated upon by Complaints Committee	283	116	220	125
Total	<u>1174</u>	<u>776</u>	<u>897</u>	<u>638</u>

Note: These figures relate to complaints and cases dealt with during 2002 and 2001 inclusive. They cannot be directly compared with figures in the 19th and earlier Annual Reports that were based on complaints received rather than complaints dealt with.

decency & propriety

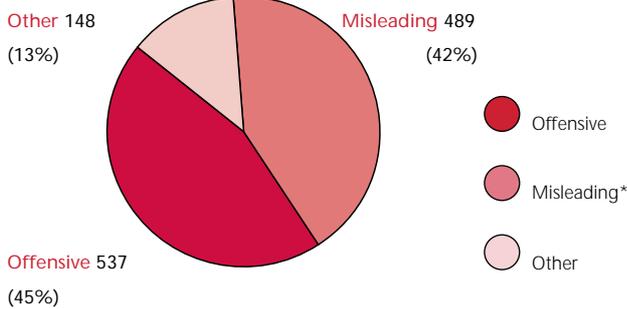
Advertisers should take account of public sensitivities in the preparation and publication of advertisements and avoid the exploitation of sexuality and the use of coarseness and undesirable innuendo. They should not use offensive or provocative copy or images merely to attract attention.

Section 2.17 of the Code of Advertising Standards

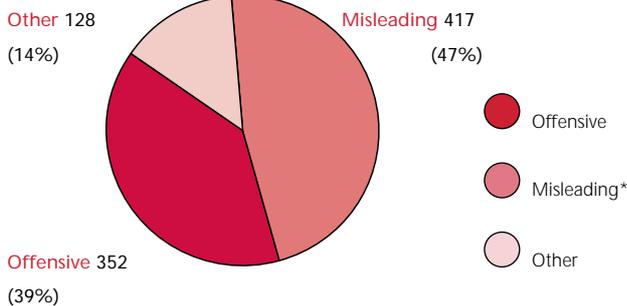
Grounds of Complaint

As in previous years, the principal grounds of complaint were that advertisements were offensive or misleading.

2002



2001



*Including Sales Promotions

Offensiveness

There were 537 complaints on grounds of offensiveness in respect of 232 advertisements dealt with in 2002, a significant increase on the corresponding figures of 352 complaints about 179 advertisements in 2001.

Complaints on the grounds of offensiveness exceeded complaints on grounds of misleading advertising and represented 45% of all complaints. However, as an offensive advertisement will tend to attract more complaints than one considered misleading, the number of advertisements complained about on grounds of offensiveness at 232 is less than the number of advertisements complained of as being misleading (435) and represented just 30% of all advertisements complained of. This was 2% up on the experience in 2001.

The Code of Advertising Standards stipulates that an advertisement should contain nothing that is likely

to cause grave or widespread offence. It has specific requirements that advertisers must avoid causing offence on a large number of grounds and should be responsive to the diversity in Irish society. These rules were strengthened in the new Code that came into effect in April 2002.

Consumers found advertisements to be offensive for a variety of reasons during 2002. Advertisers are required by the Code to take account of public sensitivities in the preparation and publication of advertisements and avoid the exploitation of sexuality and the use of coarseness and innuendo. They should not use offensive or provocative copy of images merely to attract attention. A number of advertisements attracted adverse comments and complaints from consumers for failure to adhere to these standards. Some, but not all of the advertisements concerned were found to be in breach of the Code. Compliance with the Code is assessed on the basis of the standards of taste, decency and propriety generally accepted in Ireland, taking account of the product involved, the media used, the location and the context in which the advertisement is placed and the characteristics of the audience addressed. Some advertisements were found in breach of the Code because of the media they appeared in, such as posters and on buses, where they were on public display but would not necessarily have been in breach of the Code had they appeared in media where the audience can be better targeted. Others in the case of TV advertising were found to be suitable for showing only in the evening times and not during children's programmes.

Judgements on matters of propriety and decency are always difficult, as what is acceptable to one person may deeply offend others. Hence the reliance put by ASAI on complaints from the public to draw attention to their concerns. Ultimately the ASAI is not acting as a censor or setting moral standards; it attempts to reflect the current feelings and standards in Irish society. It has to determine if the offence an advertisement causes to a minority of people should outweigh the freedom to advertise and the rights of consumers who are unoffended by the advertisement to hear or see what is on offer.

Misleading Advertisements

There were 489 complaints in respect of 435 advertisements dealt with in 2002 under this heading. The corresponding numbers in 2001 were 417 complaints concerning 366 advertisements. Although the % of complaints on grounds of being misleading fell in 2002 to 42% from 46% in 2001, nevertheless the proportion of advertisements remained almost the same at 56%.

The Code requires that advertisements and sales promotions should not mislead by inaccuracy, ambiguity, exaggeration, omission or otherwise and there are specific rules relating to the showing of prices and the availability of products which were strengthened in the new Codes. Prices must now include VAT, taxes, duties and inescapable costs to the consumer. Under the previous Code, with the exception of VAT, the other charges and costs could be shown separately but now the total price to the consumer should be shown. The consumer should not be expected to have to add up the various charges.

Exaggerated claims by advertisers continue to represent the most common source of complaint and concern when consumers feel they are being misled. During 2002, adjudications by the independent Complaints Committee have found advertisements to be misleading and in breach of the Codes for a variety of reasons under this heading. These include advertising claims offering a free trial of a product "at absolutely no cost" which was not true in all cases, "unbelievable savings on all your shopping" when the savings were limited to specific items, "prize values set to increase" when some actually fell. There are occasions when hyperbole can safely be used such as when it is clearly obvious that it is not meant to be a serious claim or when it is clearly a matter of opinion on the advertiser's part. However, as the Complaints Committee pointed out in relation to a claim to download large files or graphics from the internet "in no time at all", hyperbole of this nature, without accompanying supportive data is not suitable for advertising technical products or services. Again during the year, a number of advertisements for technical products were confusing and misleading.

Failure to substantiate advertising claims caused several advertisements to be in breach of the Codes. Before offering an advertisement for publication, advertisers should be able to provide documentary evidence to substantiate all claims that are capable of objective assessment. Relevant evidence must be sent without delay if requested by the ASAI. Among advertising claims that were not substantiated and were found in breach of the Codes were promises or claims such as "Top Soap and Top Imported Soap", "guaranteed €100 less than our competitors" and "permanent hair removal".

The failure to match prices and illustrations again proved to be a common source of complaint with consumers. The Codes require that if a price is stated in an advertisement care should be taken to ensure that prices and illustrated products match. It follows from this that it is not acceptable to associate a product with a price that is not the price of the product and it is not acceptable to say that the product is shown for illustrative purposes only particularly, as is invariably the case, where the price shown is lower than the actual price.

Intra-Industry Complaints

In addition to being legal, decent, honest and truthful all advertising must respect the principles of fair competition generally accepted in business. Comparisons between an advertiser's goods or services and those of competitors are permitted in the interests of public information and fair competition but they must be fair and consumers must not be misled.

While the ASAI is not an arbitration service for disputes between commercially interested parties, it investigates and adjudicates on intra-industry complaints where the interests of consumers are clearly involved. Unlike its procedures for dealing with consumer complaints where the identity of the complainant remains confidential, the ASAI insists that the identity of the complainant in the case of an intra-industry nature be made known to the advertiser and be published in the Case Report of the Complaints Committee's adjudication. Because of the competitive element involved, such cases are often more complex and protracted than others and industry

complainants are often required to substantiate their complaints. The Authority is conscious, however, that their resolution represents an important service for individual Members of the advertising industry.

57 intra-industry complaints in respect of 51 advertisements were dealt with during the year leading to 9 advertisements being found to be in breach of the Codes, mainly on the grounds of being misleading.

Complaints by Sector

Sector	2002	2001
Agriculture	3	4
Alcohol	85	50
Business	37	19
Clothing/Footwear	27	36
Computers/Telecommunications	163	94
Education	4	4
Employment/Business Opportunities	12	18
Financial	28	39
Food & Beverages	157	104
Health & Beauty	108	83
Household	101	48
Leisure	71	99
Motoring	47	67
Non-Commercial	54	45
Property	23	26
Publishing	111	32
Travel/Holidays	93	94
TV/Audio/Video	26	8
Miscellaneous	24	27
Total	1174	897

The Computer/Telecommunications sector gave rise to the highest number of complaints. This was followed by the Food and Beverages sector. Despite the high level of activity in relation to advertisements for alcoholic drinks, this sector ranked 7th overall in the number of complaints.

Complaints by Media

Media	2002	2001
TV	269	169
Outdoor	251	164
Print (Press & Magazine)	205	246
Radio	166	105
Brochures/Leaflet	85	78
Electronic/Internet	55	30
Sales Promotion	51	6
Direct Marketing	24	31
Other	68	68
Total	1174	897

For the first time, advertisements on TV attracted most complaints showing an increase from 19% to 23% of all complaints with complaints relating to broadcast advertising, TV and radio combined, showing a rise from 31% to 37%. Complaints relating to advertisements in print media fell in absolute numbers, representing a percentage fall from 27% to 17%.

Location of Complaints

Counties recording the highest number of complaints are shown in the following table.

County	Number of Complaints	% of total
Dublin	630	54
Cork	89	8
Wicklow	49	4
Galway	44	4
Kildare	36	3
Meath	26	2

21st Annual General Meeting April 2002



— ASAI Board members Steve Shanahan, Chief Executive of Institute of Advertising Practitioners in Ireland, Michael Caraher, Chief Executive of Association of Advertisers in Ireland, J.C. McGough, Chairman, Colm Molloy, Media Member with Chief Executive Ed McCumiskey



— Ed McCumiskey, Chief Executive with Carmel Foley, Director of Consumer Affairs and J.C. McGough, Chairman



— Larry McCarthy, Assistant Chief Executive, with Neville Galloway, Chief Executive of Regional Newspapers Advertising Network, Brendan McCabe and Colm Molloy, Media Members of ASAI Board



— Dermot Jewell, Chief Executive of the Consumers' Association of Ireland, Denis Henderson, Advertiser Member of the Board and Frank Goodman, then member and now Chairperson of ASAI Complaints Committee



— **ASAI Secretariat**
Larry McCarthy, Mairéad Collins, Ed McCumiskey, Orla Twomey and Seona Parker

the complaints committee

The Complaints Committee is responsible for considering and dealing with complaints submitted by the public, by a member of ASAI, by a Government Department or by any other person or body of persons





Joseph C. McGough
K.M., S.C., C.I. Mgt.
Chairman



Bill Moss



Michael Higgins



Michael O'Keeffe



Kieran Killeen



Brian Pierce



Brian Martin

Nominated by the Director of Consumer Affairs



Josephine Garry



Leonie Lunny



Mary McLoughlin



Bairbre Redmond

Presentations by Dr J.C. McGough, Chairman



— Presentation to Mirian Hederman O'Brien on her retirement from the Complaints Committee



— Presentation to Frank Goodman on his retirement from the Complaints Committee

Role of the Complaints Committee

The role of the independent Complaints Committee is:

- (a) To consider and adjudicate on complaints submitted by the public, by a Member of ASAI, by a Government Department or by any other person or body of persons, in the light of the ASAI Codes;
- (b) To initiate corrective action where necessary and to issue appropriate directives;
- (c) To notify the Board of ASAI where the corrective action or directive is not complied with or is ignored.

The Complaints Committee may vary in size from 11 to 15 members including an independent chairperson. It comprises people with a background in advertising and others with no connection with the Industry. Among the latter are four nominees of the Director of Consumer Affairs. The composition of the Complaints Committee is devised to ensure the objectivity of the complaints investigation procedure and to provide assurances that the system is operated with special regard for the interests of consumers. The Members of the Committee act in an individual capacity and consider each case put before them on its particular merits in the light of the requirements of the Code of Advertising Standards and the Code of Sales Promotion Practice.

While the Secretariat of the ASAI may resolve cases informally when the circumstances do not justify or require referral to the Complaints Committee, the Committee retains the right to review any of these cases and to request that it be put before them for adjudication.

During 2002, Dr Miriam Hederman O'Brien and Mr Frank Goodman, one of the 4 nominees of the Director of Consumer Affairs, retired from the Committee. The Director nominated Ms Leonie Lunny to replace Mr Goodman. Mr Goodman has since been appointed as Chairperson of the Committee.

The Complaints Committee met formally 6 times during 2002. It also decided cases by correspondence between formal meetings. The Committee's adjudications are published regularly to the media and are posted on the ASAI website.

The Committee formally indicated its concerns to the Board about certain advertisers who were frequently failing to respond to ASAI enquiries within the required time limits. The Board instructed the Chief Executive to formally notify the advertisers of its concerns. This led to meetings with those involved that helped to remedy the situations.

Table 1 Adjudications by Grounds of Complaint

	2002			2001		
Complaints	Advertisements complained about	Advertisements found in breach of the Codes	Complaints	Advertisements complained about	Advertisements found in breach of the Codes	
Misleading	78	65	103	88	54	
Offensive	154	23	77	13	5	
Other	51	28	40	24	16	
Total	283	116	220	125	75	

Table 2 Adjudications by Media

	2002			2001		
	Complaints	Advertisements complained about	Advertisements found in breach of the Codes	Complaints	Advertisements complained about	Advertisements found in breach of the Codes
TV	68	22	14	18	11	4
Outdoor	112	14	13	66	9	5
Print						
(Press & Magazine)	30	28	18	68	53	35
Radio	30	16	11	26	15	7
Brochures/Leaflet	12	12	11	27	26	17
Electronic/Internet	9	6	4	0	0	0
Sales Promotion	10	9	7	6	6	4
Direct Marketing	3	3	3	3	2	2
Other	9	6	3	6	3	1
Total	283	116	84	220	125	75

Table 3 Adjudications by Sector

	2002			2001		
	Complaints	Advertisements complained about	Advertisements found in breach of the Codes	Complaints	Advertisements complained about	Advertisements found in breach of the Codes
Agriculture	0	0	0	0	0	0
Alcohol	50	21	14	20	11	3
Business	1	1	0	4	2	1
Clothing/Footwear	10	2	2	21	1	1
Computers/						
Telecommunications	36	20	16	17	15	7
Education	0	0	0	2	2	1
Employment/						
Business Opportunities	0	0	0	3	2	1
Financial	5	4	3	5	5	0
Food & Beverages	44	7	5	39	11	9
Health & Beauty	36	6	5	9	8	4
Household	17	12	7	12	9	7
Leisure	8	6	4	13	5	3
Motoring	13	7	5	22	14	8
Non-Commercial	0	0	0	2	1	1
Property	5	5	5	9	7	6
Publishing	37	4	4	2	2	2
Travel/Holidays	17	17	11	38	28	19
TV/Audio/Video	3	3	2	1	1	1
Miscellaneous	1	1	1	1	1	1
Total	283	116	84	220	125	75

Chairman Dr. Joseph C. McGough, S.C.

Board of Directors

Jennifer Balfe
Terry Buckley
Michael Caraher
J.P. Cusack
Clodagh Hannon
Denis N. Henderson
Deirdre Keogh
Helen Marks
Colm Molloy
Brendan McCabe
Stephen Shanahan
Ruth Payne

Secretary Edward McCumiskey

Registered Office 30 Herbert Street
Dublin 2

Solicitors Matheson Ormsby Prentice
30 Herbert Street
Dublin 2

Auditors Deloitte & Touche
Chartered Accountants
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

Bankers Ulster Bank Limited
31/33 College Green
Dublin 2

The Board of Directors present their annual report and financial statements for the year ended 31 December 2002.

Principal Activities

The Authority is engaged in promoting and enforcing the highest standards of advertising in all media of communication.

Results	2002
	€
The deficit for the year before taxation amounted to	(10,035)
Taxation	227
 The deficit for the year after taxation amounted to	<u>(9,808)</u>
Surplus brought forward 1 January 2002	265,878
 Surplus carried forward 31 December 2002	<u><u>256,070</u></u>

Board of Directors

The Board of Directors is set out on the page detailing directors and other information.

Safety, Health and Welfare at Work Act, 1989

The directors are conscious of the requirements and obligations towards the health and safety of their employees in accordance with the provisions of the Safety, Health and Welfare at Work Act, 1989.

Books of Account

To ensure that proper books and accounting records are kept in accordance with Section 202 Companies Act, 1990, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The books of account are located at the company's premises at 35/39 Shelbourne Road, Dublin 4.

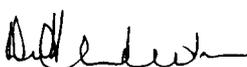
Auditors

The Auditors, Deloitte & Touche, Chartered Accountants, have signified their willingness to continue in office in accordance with Section 160 (2) of the Companies Act, 1963.

Signed on behalf of the Board:



Joseph C. McGough
Chairman



Denis N. Henderson
Director

19 February 2003

Statement of Directors' Responsibilities

asai Annual Accounts 02

Irish company law requires the directors to prepare financial statements for each financial year 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. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then 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 books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 2001 as applicable to companies limited by guarantee not trading for profit. 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.

*To the members of Advertising Standards Authority for Ireland
(a company limited by guarantee and not having a share capital)*

We have audited the financial statements of Advertising Standards Authority for Ireland, for the year ended 31 December 2002 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 8. These financial statements have been prepared under the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the Annual Report, including as set out in the Statement of Directors' Responsibilities, the preparation of the financial statements in accordance with applicable Irish law and accounting standards. Our responsibilities, as independent auditors, are established in Ireland by statute, auditing standards as promulgated by the Auditing Practices Board in Ireland and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2001, as applicable to companies limited by guarantee not trading for profit. We also report to you whether in our opinion: proper books of account have been kept by the company, and whether, the information given in the directors' report is consistent with the financial statements. In addition, we state whether we have obtained all information and explanations necessary for the purposes of our audit and whether the company's balance sheet and profit and loss account are in agreement with the books of account.

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it. Our responsibilities do not extend to other information.

Basis of Audit Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company as at 31 December 2002 and of the deficit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001, as applicable to companies limited by guarantee not trading for profit.

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion proper books of account have been kept by the company. The company's balance sheet and its profit and loss account are in agreement with the books of account.

In our opinion the information given in the directors' report is consistent with the financial statements.

Deloitte & Touche
Chartered Accountants and Registered Auditors
Dublin
19 February 2003

Profit and Loss Account for the year ended 31 December 2002

asai Annual Accounts 02

		Year Ended 31.12.2002	6 Months Ended 31.12.2001
	Notes	€	€
Subscription Income		<u>466,594</u>	<u>226,059</u>
(Deficit)/Surplus for the Year Before Taxation	3	(10,035)	4,631
Taxation	4	<u>227</u>	<u>(1,309)</u>
(Deficit)/Surplus for the Year After Taxation		(9,808)	3,322
Surplus brought forward 1 January 2002		265,878	262,556
Surplus carried forward 31 December 2002		<u>256,070</u>	<u>265,878</u>

All recognised gains and losses have been reflected in the above profit and loss account and arise from continuing operations.

The financial statements were approved by the Board of Directors on 19 February 2003 and signed on its behalf by:



Joseph C. McGough
Chairman



Denis N. Henderson
Director

Balance Sheet as at 31 December 2002

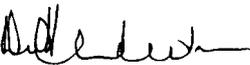
asai Annual Accounts 02

	Notes	31.12.2002 €	31.12.2001 €
Fixed Assets	5	<u>42,698</u>	<u>62,129</u>
Current Assets			
Bank and Cash Balances		266,606	254,055
Debtors and Prepayments		<u>19,945</u>	<u>15,736</u>
		<u>286,551</u>	<u>269,791</u>
Current Liabilities			
Creditors and Accruals	6	(73,179)	(66,042)
Net Current Assets		<u>213,372</u>	<u>203,749</u>
Net Assets		<u>256,070</u>	<u>265,878</u>
Represented By:			
Profit and Loss Account - Balance 31 December		<u>256,070</u>	<u>265,878</u>

The financial statements were approved by the Board of Directors on 19 February 2003 and signed on its behalf by:



Joseph C. McGough
Chairman



Denis N. Henderson
Director

Cash Flow Statement for the year ended 31 December 2002

asai Annual Accounts 02

	Year Ended 31.12.2002	6 Months Ended 31.12.2001
Notes	€	€
Net Cash Inflow/(Outflow) from Operating Activities (see below)	20,296	(4,906)
Corporation Tax Paid	(1,366)	(7,495)
Purchase of Fixtures and Fittings	(6,379)	(5,942)
Increase/(Decrease) in Cash and Bank Balances	7 <u>12,551</u>	<u>(18,343)</u>

Reconciliation of Operating (Deficit)/Surplus to Net Cash Inflow/(Outflow) from Operating Activities

	Year Ended 31.12.2002	6 Months Ended 31.12.2001
	€	€
Operating (Deficit)/Surplus	(10,035)	4,631
Depreciation Charge	25,810	12,178
(Increase) in Debtors and Prepayments	(4,209)	(6,210)
Increase/(Decrease) in Creditors and Accruals	8,730	(15,505)
Net Cash Inflow/(Outflow) from Operating Activities	<u>20,296</u>	<u>(4,906)</u>

1. Accounting Policies

The significant accounting policies adopted in preparing these financial statements are as follows:-

Basis of Preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute, as applicable to companies limited by guarantee not trading for profit, comprising the Companies Acts, 1963 to 2001.

Recognition of Income

The Authority's principal source of income is subscriptions from advertisers. The Authority is dependent on advertising agencies for collection of this income and recognises the income when received from those agencies.

Depreciation

Fixtures and fittings are depreciated at 20% per annum on cost.

2. Constitution

The company is limited by guarantee and does not have a share capital. Every member of the Authority undertakes, if necessary on a winding up during the time they are a member or within one year after they cease to be a member, to contribute to the assets of the Authority an amount not exceeding €1.27.

The Authority is prohibited by its constitution from distributing any of its reserves by way of a dividend or otherwise to its members.

3. Deficit for the Year Before Taxation

	Year Ended 31.12.2002	6 Months Ended 31.12.2001
	€	€
Deficit for the Year is Stated After Charging:		
Directors' Remuneration:		
Fees	28,248	13,777
Other Remuneration	-	-
Depreciation	25,810	12,178
Auditors' Remuneration	<u>3,500</u>	<u>3,301</u>
and After Crediting:		
Deposit Interest Receivable	<u>6,873</u>	<u>4,590</u>

4. Taxation

	Year Ended 31.12.2002	6 Months Ended 31.12.2001
	€	€
Credit/(Charge) for the Year:		
Corporation Tax on the Results for the Year	<u>227</u>	<u>(1,309)</u>

5. Fixed Assets: Fixtures and Fittings

	Cost Depreciation		Net Book
	€	€	Value €
Balance 1 January 2002	152,329	90,200	62,129
Additions in Year	6,379	-	6,379
Disposals in Year	(5,623)	(5,623)	-
Charge for the Year	-	25,810	(25,810)
Balance 31 December 2002	<u>153,085</u>	<u>110,387</u>	<u>42,698</u>

6. Creditors and Accruals

	31.12.2002	31.12.2001
	€	€
Creditors and Accruals	66,016	57,635
Corporation Tax	(286)	1,309
PAYE/PRSI	7,449	7,098
	<u>73,179</u>	<u>66,042</u>

7. Cash Flow Statement

	Year Ended	6 Months Ended
	31.12.2002	31.12.2001
	€	€
Analysis of Changes in Cash and Bank During the Year:		
Balance 1 January 2002	254,055	272,399
Net Cash Inflow/(Outflow)	12,551	(18,344)
Balance 31 December 2002	<u>266,606</u>	<u>254,055</u>

8. Related Party Transactions

Certain board members are connected to organisations which contribute income to the Authority in the normal course of their business.

Operating Statement for the year ended 31 December 2002

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	Year Ended 31.12.2002 €	6 Months Ended 31.12.2001 €
Income		
Subscriptions		
- Advertiser Members	432,587	217,759
- Media/Agencies	<u>34,007</u>	<u>8,300</u>
	466,594	226,059
Deposit Interest Receivable	6,873	4,590
	<u>473,467</u>	<u>230,649</u>
Expenditure		
Rent, Rates and Service Charges	77,646	32,126
Repairs and Renewals	2,486	1,124
Insurances	23,409	9,162
Salaries	237,310	113,486
Staff Training	-	762
Printing and Stationery	15,998	3,896
Publications	3,691	1,460
Production Costs of Annual Report	7,618	7,618
Promotional Campaign	19,415	3,129
Advertising, Promotions and Public Relations	15,610	9,365
Telephone and Postage	10,512	7,554
Travel and Subsistence	6,299	3,076
Bank Charges	252	164
Audit and Accountancy	11,307	5,714
Computer Running Costs	7,203	3,519
Legal and Consultancy	9,986	9,523
Sundry Expenses	8,950	2,162
Depreciation: Fixtures and fittings	<u>25,810</u>	<u>12,178</u>
	<u>483,502</u>	<u>226,018</u>
(Deficit)/Surplus for the Year Before Taxation	<u>(10,035)</u>	<u>4,631</u>

Note: The supplementary information set out above is not covered by the Report of the Auditors.

Ten Year Financial Review

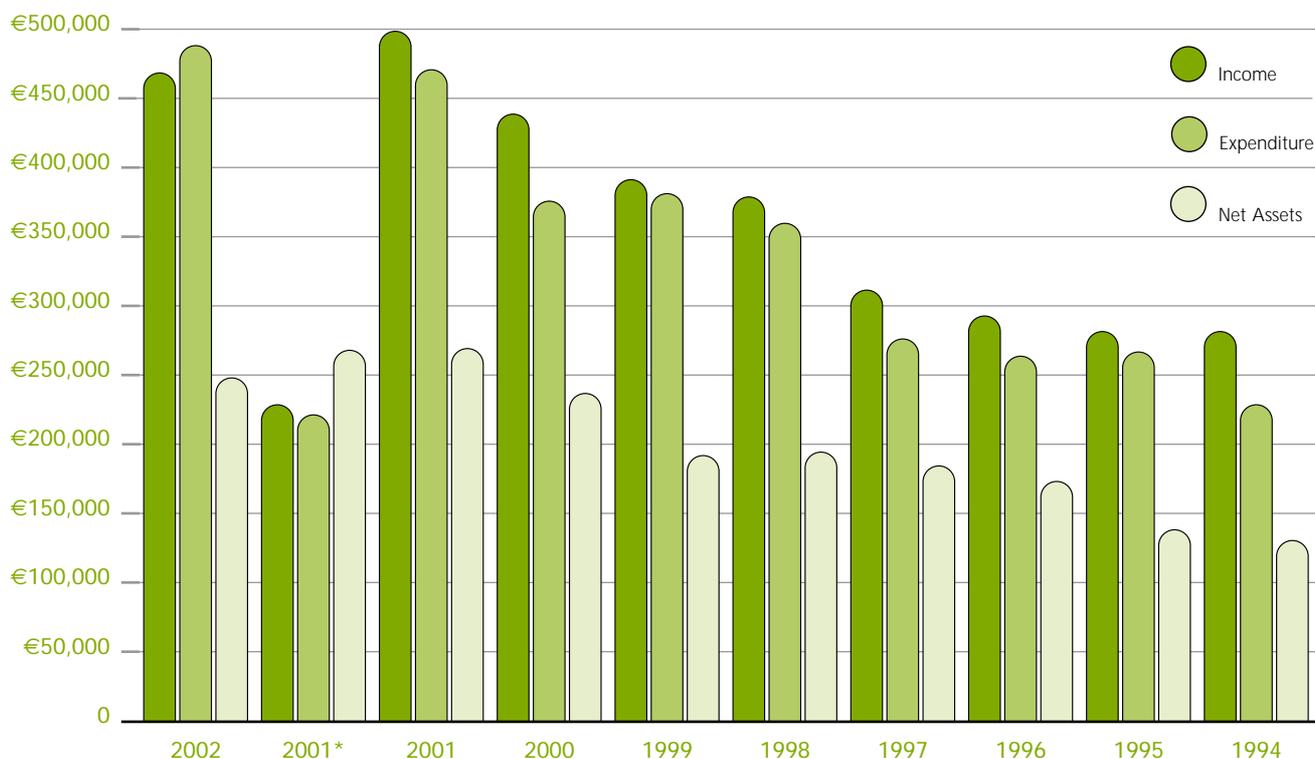
asai Annual Accounts 02

Operating Statement

	2002 €	2001* €	2001 €	2000 €	1999 €	1998 €	1997 €	1996 €	1995 €	1994 €
Income	473,467	230,649	497,883	428,060	381,742	357,554	314,638	292,245	272,568	272,568
Expenditure	483,502	226,018	468,265	367,964	378,226	347,459	275,617	256,987	263,826	239,701
(Deficit)/Surplus										
After Taxation	(9,808)	3,322	23,349	47,271	1,425	8,253	14,805	23,469	5,809	7,567

Balance Sheet

	2002 €	2001* €	2001 €	2000 €	1999 €	1998 €	1997 €	1996 €	1995 €	1994 €
Current Assets	286,551	269,791	280,555	316,057	270,016	239,028	257,068	239,646	220,847	205,032
Current Liabilities	(73,179)	(66,042)	(86,362)	(130,540)	(127,619)	(109,686)	(87,401)	(87,861)	(86,359)	(79,454)
Working Capital	213,372	203,749	194,193	185,517	142,397	129,342	169,667	151,785	134,488	125,578
Fixed Assets	42,698	62,129	68,364	53,691	49,538	61,170	12,591	15,667	9,496	12,597
Net Assets	256,070	265,878	262,557	239,208	191,935	190,512	182,258	167,452	143,984	138,175



* Refers to a six-month period to 31 December 2001. Prior figures relate to 12 month periods ending 30 June.

