

## THORN EMI

From Sir Colin Southgate  
Chairman

THORN EMI plc  
4 Tenterden Street  
Hanover Square  
London W1A 2AY  
Telephone 071-355 4848  
Fax 071-355 4494  
Telex 264855 THORN G

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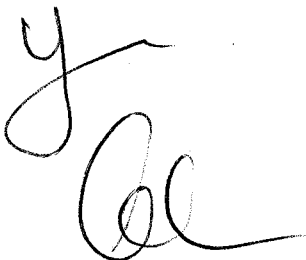
Sir Adrian Cadbury  
Rising Sun House  
Bakers Lane  
Knowle  
Solihull  
West Midlands  
B93 8PT

Dear Adrian,

I do not think there is any benefit in me nit-picking my way through your paper on The Condition of Industry but there is just one comment that I feel I would like to make.

My point concerns the drafting. If you read it in a particular way it implies that no single executive director is to be trusted, only non-executives. I am sure this is not what was meant and I basically put it down to the drafting process. However, I do believe it should be looked at seriously before a final version is produced at the end of August.

Kind regards.



COLIN G SOUTHGATE

of September, are available from Miss Bridget Butt at the DTI (Direct Line: 071 215 3075) or from Richard Weir.

**3.3 Law Commission Consultation Paper - Fiduciary Duties and Regulatory Rules**

Members are requested to let Richard Weir have their views on the Law Commission's paper (see Update No 24) by mid-September.

**4 PRACTICE**

**4.1 Cadbury Report**

**4.1.1** The Association will be responding to the request of the Committee on Financial Aspects of Corporate Governance (Cadbury Committee) for comments on its draft report. The Association strongly supports the Cadbury Committee's objective of establishing best practice in financial reporting and accountability, but feels that full compliance with the Committee's proposed Code of Best Practice will prove impracticable for many small companies. The Association sees the Code as something with which all large companies should comply and to which small companies should aspire. The Association will also comment on what it considers to be the too great distinction that the report draws between the responsibilities of executive and non-executive directors.

**4.1.2** We are encouraging members to respond in their own name to the report, which is available from the Committee's secretariat on 071-628 7060 ext 2407. The Committee is seeking comments by 31 July.

**4.2 LIFFE**

**4.2.1** The London Financial Futures and Options Exchange (LIFFE) has established a working party to consider standard documentation for the charging of collateral. The Association believes that this is an initiative which members will welcome and has nominated Mr Barry Fairbanks (Midland Montagu) and Mr Christopher Crouch (Flemings) as its representatives on the working party.

**4.2.2** The Association has responded to LIFFE's request for comments on its draft Investment Guidelines for the Use of Futures and Options. Copies are available from Julian Le Fanu.