



N Peace Esq
Secretary
Committee on the Financial Aspects
of Corporate Governance
PO Box 433
Moorgate Place
London EC2P 2BJ

27 August 1992

Dear Mr Peace,

DRAFT REPORT DATED 17TH MAY 1992

Thank you for your courtesy in permitting The Society of Labour Lawyers to submit their comments after the closing date set for receipt of such comments. Nonetheless we regret the delay in this submission, which I trust you will still find of use.

Our comments are as follows:

1. In our view any code such as the Committee is proposing should be a statutory code rather than a voluntary or self-regulatory code;
2. Any code to be imposed should apply to all companies and not just all listed companies, with appropriate exemptions;
3. Any breaches of the Code of Best Practice during the financial year of a company should be listed in that company's relevant annual financial statement;
4. We note the Committee's view on the decision in the Caparo case. However, we consider that in view of the reliance placed by many upon the work of auditors they should have a responsibility to all shareholders and prospective shareholders. Indeed this could be extended to those who conduct business with the company who may place reliance on its audited accounts;

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5. We are concerned that whilst professional guidelines are in force, the enforcing bodies should be seen to be acting in a fair and open handed manner. We support the proposals for rotation of auditors referred to in the Draft Report;
6. We consider that all persons serving in the capacity of auditors, financial or legal advisors to the company, during each of its financial years should be listed in the company's annual financial statement. We also believe that each company should state whether it employs in-house legal advisors and an internal audit team and if so, changes in the personnel should likewise be listed;
7. Greater protection should be afforded to company officers (including auditors) to enable them to air any concerns they may have regarding possible breaches of the Code of Best Practice or other issues of concern arising from the management of the company without fear of premature or unfair dismissal from office. Interim relief and appropriate compensation should be available in the event of threatened or actual wrongful or unfair dismissal in these circumstances;
8. We support the implementation of the fifth Directive and would welcome the two-tier Board for all medium and large companies. We believe the introduction of a Supervisory Board would meet many of the concerns raised in the Draft Report.

Please do not hesitate to contact me should you wish to discuss any of the above points on 071 379 0444 during business hours or alternatively on 081 348 1571.

Yours sincerely,



ESME CHANDLER
Chairman,
Financial and Corporate Affairs Committee