

Stock Exchange. Listing Advisory Cttee. 8/6/92.

ParMeeney. Code acceptable, must avoid overkill.

Owen Green. Claims clarity, but statement directors' resp. stand add to length; going concern result with standard meaningless phrases.

Whitewash of auditors, justifying their lack of liability

Opens a drive to efficiency, but is all about accountability.

Nothing on responsibilities of s/hldrs.; written for benefit of analysts & s/hldrs. Virtually nothing about employees.

Main failure not to have come out firmly against separation Chmn. & c/exec. As a result at least 4 Chmn or c/exec. Rule by committee (hydra!)

Audit cttee dilutes Bd. resp.; no useful purpose.

Auditors relieved of liabilities, e.g. letter of representation.

Why is directors' remun. confined to UK?

Totally wrong to say same facts require same accounting treatment.

Comparability between co's. is not possible

Should look to integrity of auditors. Auditors better placed than m.ed's to detect fraud.

David Lees

Kopman. Auditors let off too lightly. Should be in a position to assess how well & honestly a co. is being run. If unsure must resign. Same if suspect fraud. Audit office has a role but must not be substitute for board. Smaller listed co's. will find it difficult.

Peter Davis. Auditors got off lightly. Shouldn't co's lawyers have a role?

Pensions governance should be expanded. Responsibilities of executive directors as important as those of m.ed's; concern about division on board.

Desmond All directors shld. be able to take indepdnt. outside advice.

Horner
David Lees. Issue of separation of chm. & cexec. roles is basic & should be tackled. Auditors shld. take more responsibility. Agree with nomination ethics & Ltd. tenure. Remuner'n of all directors shld. be specified. Institutional shldns. should take more responsibility for election of directors & remuner'n.

Neil Shaw No difficulty in complying, but concerned that indepdce. being pressed too far is on board of co. which does business with T&L., but negligible to T&L. & his knowledge of other co's business is valuable to them. like more on pensions. Feel he shld. be more specific, not allow scope in implement'n. In favour of nomination/remuner'n. ethics.

David Lees

Ian Prosser Concern over smaller listed cos. Difficult to find h.e.d's for
 Rem in future. Major concern Ken/us. exec.dir / h.e.d's. Believes he
 will undermine unity of Bd, needs to be balance skills but depends
 on relationships. Audit effes. useful over fraud as means of bringing
 matters to attention of cttee & Ken dealing with it. Disappointed
 Caparo unresolved. Absurd to regard bank director with overdraft as not independent

Roger Hurst Can implement. Concerned about U.S. auditors pushing consultancy
 services on back of audit. Declaration on consultancies shld. apply to auditors
 of subsidiaries. Any director shld. be prepared & able to raise any issue,
 not specifically h.e.d. role. Appointed leader could create conflict &
 should be struck out.

Blakenhams. Full board not nominating cttee. Appreciate comment on size
 of boards. Cttees = bureaucracy. C/mn / c/exec combination depended
 on whether c/mn. full or part time. Must not push independence criteria
 too far, Simon Hornby valuable member Board, altho' customer.

Pat Neamy Vital importance good h.e.d's, are they available?
 Problems for smaller cos.

Bob Horton Cmn / CEO suite 3P but has C.O.O. Part time cmn. would not work.

Auditors got away too lightly. No appointed leader as he emerges anyway.

What will be status of code.

Andrew . Smaller cos can a) phase compliance b) explain don't comply. it is inappropriate. Cannot require cos to take action. Expect auditors to state where co. stands on compliance & to clarify how it is being governed.

Code will apply moral pressure & provide measure against which cos systems can be assessed. Will provide investors with info. They need to make their own judgements.

Porters after meeting - way to avoid statement of directors' responsibilities being bland boilerplate is to turn it into bullet points rather than providing a form most cos will use.

Main issues Auditors let off. Danger of division of board into execs & non-exec. Appointed leader unwise. Independence shld. not rule out bus. connections which are not significant. Audit ctces must not supplant board.

LCAC Extraordinary Meeting on 8th June 1992

List of attendees

	<u>Dinner</u>
Mr Robert Horton (BP)	
Sir Desmond Lorimer (Lamont Holdings)	Y
Sir Patrick Meaney (Rank Organisation)	
Mr Iain Prosser (Bass)	Y
Lord Blakenham (Pearson)	
Mr Peter Davis (Reed International)	Y
Mr Neil Shaw (Tate & Lyle)	Y
Mr David Quarmby (J Sainsbury)	
Mr Roger Hurn (Smiths Industries)	
Sir David Lees (GKN)	
Sir Adrian Cadbury	Y
<u>Stock Exchange</u>	
Sir Andrew Hugh Smith	Y
Mr Peter Rawlins	
Mr Nigel Atkinson	
Mr Paul Smee	Y
Ms Surya Fletcher	Y
Mr David Porteous (dinner only)	Y

Unable to attend:

Sir Paul Girolami
(Glaxo)

Sir Alistair Grant
(Argyll Group)