

Graham Nicholson IPFA

cc Sir Adrian.
CAD-02133

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15 July 1992
GDN/ADK

Mr B Thompson
President of the ICOSA
16 Park Crescent
LONDON
W1N 4AH

Can't be more cheerful w/te.

Dear Mr Thompson,

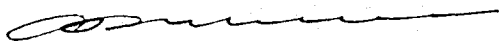
Corporate Governance and the Company Secretary

I was very pleased to be at the Institute's seminar on the Cadbury report yesterday and was moved to write to you to express my support on the submission the Institute has made and to congratulate you on the way you handled the meeting and expressed the Institute's view.

I also wish to pursue the point I made to Sir Adrian at the meeting concerning the application of the draft code to holding companies. I did not press the point at the meeting as I did not want members to feel in any way that I had concerns as regards my own company. I do believe however, that the application of the code solely to a holding company still leaves huge opportunities for 'Maxwell type' manipulation in major operating subsidiaries. Having thought about it I wonder if the Institute would support the idea that the Auditors should additionally certify that the principles of the code - as far as can practically be applied - have been followed in major operating subsidiaries in a group. This would at the very least, entail the Auditors examining that Board meetings of subsidiaries had taken place regularly.

I would be interested in your reaction to this proposition and am sending a copy to Nigel Peace for his information.

Yours sincerely,



Graham Nicholson

Copy to Mr N Peace, Secretary to the Cadbury Committee on Corporate Governance