



**ACCOUNTING  
STANDARDS  
BOARD**

Sir Adrian Cadbury,  
Chairman,  
Committee on Financial Aspects of  
Corporate Governance,  
PO Box 433,  
Moorgate Place,  
London  
EC2P 2BJ

Holborn Hall,  
100 Gray's Inn Road  
London WC1X 8AL

Telephone 071-404 8818  
Fax 071-404 4497

1st December, 1992

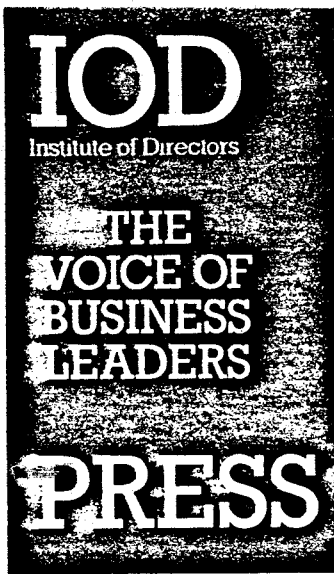
Dear Adrian,

Many thanks for they copy of the final report. I had heard from Ron how things were proceeding and am very much looking forward to reading the full text. I firmly believe that you have made a major impact on the thinking about corporate governance in the UK - your proposals are going to make a major difference to the way in which our companies are managed. It has been a pleasure to meet with you during the preparation of your report - your work deserves an excellent response. Very well done.

All best wishes,

Yours aye,

D.P. Tweedie



For further information contact:

Gordon Leak: 071 839 1233, Ext 2216

EMBARGO: 11.00 HRS. Tue, Dec 1, 1992

## PRESS RELEASE

### REVISED CADBURY REPORT GETS IOD BACKING

The Institute of Directors, the UK's leading authority on directors' duties and responsibilities and boardroom practice, has given strong support to the revised Cadbury Report published today.

"Sir Adrian Cadbury's Committee has come a long way to meeting our reservations about its draft report," said Mr Peter Morgan, Director General of the IOD.

"We maintained that the emphasis in the original report on the separate roles of executive and non-executive directors was damaging to the concept of the unitary board," said Mr Morgan.

"Our concerns have been largely met by the tempering of divisive proposals concerning non-executive directors and the emphasis the report now places on the positive, rather than negative role of all directors.

"The IOD strongly supports the Committee's conclusion that its objectives will best be achieved by a voluntary code of practice, backed by a requirement upon companies to make an annual report on compliance with the code to the Stock Exchange.

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"Modification to the duties of auditors have also allayed our fears about their ability to fulfil all the functions proposed in the draft report, but the IOD remains concerned about the cost of compliance with the audit function which will place a particularly heavy burden on smaller quoted companies."

Mr Morgan said the IOD particularly welcomed the stress the Committee places on training for directors.

"The IOD believes this is fundamental to the IOD's definition of the objective of good corporate governance - that companies survive and thrive and conduct their affairs with ethics and integrity.

"The Cadbury Committee was set up against a background of falling public confidence in financial aspects of corporate governance and the audit process. Implementation of the Committee's proposals together with the development of new accounting standards will go a long way to restoring that confidence," Mr Morgan said.

ends

**Note to Editors:**

Sir Dermot de Trafford, Chairman of the IOD, is a member of the Cadbury Committee and Mr Blenyth Jenkins, Corporate Affairs Director at the IOD served as an adviser to the Committee.

The IOD is the leading provider of training for the board, running more than 100 courses a year for directors leading to the award of the Institute's Diploma in Company Direction.

Confederation of British Industry  
Centre Point  
103 New Oxford Street  
London WC1A 1DU  
Telephone 071-379 7400  
Facsimile 071-240 1578  
Telex 21332

Director General  
Howard Davies

Deputy Director-General and Secretary  
Maurice Hunt



1 December 1992

Ref. 0.12.9.

Mr Nigel Peace  
Committee on Corporate Governance  
P O Box 488  
Moorgate Place  
London  
EC2P 2BJ

Dear Nigel

**FINAL REPORT OF THE CADBURY COMMITTEE**

We were grateful for the advance copies of the Report to which we have responded positively in a press release (copy attached).

Regards.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'G C Mason'.

**G C Mason**  
Director  
Company Affairs

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CBI WELCOMES CADBURY REPORT ON  
CORPORATE GOVERNANCE

The Confederation of British Industry today (Tuesday) welcomed the final Report of the Cadbury Committee on the Financial Aspects of Corporate Governance which clearly had responded to the comments of the CBI and others. It had set the right sort of framework and most of its proposals would be accepted by companies as the best route to improved standards of corporate governance.

"A Code of Best Practice which can be reviewed and updated is better than wholesale intrusion by the law which would be inflexible and slow to change," says the CBI. "Moreover, the Cadbury report makes it clear that individuals and companies will need to follow the Code in the light of their own circumstances; and it proposes that there should be research into how the Code of Best Practice might be adapted for smaller listed companies. We regard this approach as positive.

"We are glad to see that Cadbury points to the responsibility of investors for helping to ensure companies achieve high standards of corporate governance. In our view, shareholder influence should persuade companies to issue statements of compliance with the Code in their annual report and accounts. We continue to believe that a Stock Exchange listing obligation to make the statement will lead to bureaucracy, even though the Code stands alone and is only now accompanied by notes. However, we are glad to see that Cadbury accepts there are only some aspects of compliance which the auditor can review.

"The CBI welcomes the Cadbury Committee's clear recognition of the importance of the UK's unitary board system with its strong emphasis on the responsibility of the whole board for the direction and control of the company. Executives and non-executives alike have a role in both functions.

"It must clearly be right for the Cadbury Committee to see how its Code works in practice before handing over to a successor, recognising that companies in making their compliance statement will have the opportunity of explaining whether and why they do not follow a particular aspect of the code in their particular circumstances. Many companies will wish to decide for themselves whether they need to constitute particular committees of the board and what role executive directors should play in them."

The CBI will consider the detail of the Cadbury code and Report in its own committees.

1 December 1992

From Neville C Bain  
Group Chief Executive

C O A T S



VIYELLA

3 December 1992

Sir Adrian Cadbury  
Rising Sun House  
Baker's Lane  
Knowle  
Solihull  
W. Midlands B93 8PT

Coats Viyella Plc  
28 Savile Row  
London W1X 2DD  
Telephone 071 7344030  
Telex 21232  
Facsimile 071 437 2016

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Dear Adrian

I have just read through the Cadbury Report on Corporate Governance and I must congratulate you and your Committee on the practical and sensible recommendations. I think that as a result of your work it will be possible to lift the corporate governance wider issues to a new level of prominence with a resultant high level of professionalism within companies. I think the balance is exactly right and I am sure that the recommendations will have the full support of the business community.

Very best wishes to you.

Kind regards

Neville C Bain

NCB/sm