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Carl Alexander

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

our ref
SATF/ALS

your ref

extension

2202

date

4 August 1992

Dear Nigel

## The Financial Aspects of Corporate Governance

The Draft Report of the Committee on Financial Aspects of Corporate Governance was recently considered by SWEB's Board. Directors welcomed the proposals contained in the Report and support the introduction of a Code of Best Practice to assist in achieving the necessary high standards of corporate behaviour. However, whilst it will undoubtedly be adopted and practiced by the vast majority of responsible Companies, the problem is still one of how to control the 'rogue' element who will hide behind the 'vagueness' of some of the proposed changes.

As you would expect we believe we meet the majority of the requirements of the Code of Best Practice and have, where appropriate, taken steps to adopt those where a formal arrangement is not in place.

Directors had two specific observations in respect of the Code which are submitted to the Committee for information. The first is in respect of Paragraph 4.5 (Page 43) where although the purpose of clarifying the boundaries between the duties of directors and auditors would be beneficial it is difficult to see what the proposed statement will add as directors' responsibilities are clearly stated in law. The second is in respect of Paragraph 4.6 (Page 43) where benefit will only be derived if the accountancy profession are able to develop robust guidelines for judging this.

I hope the above comments are helpful.

Yours sincerely

S A F Foster

Company Secretary

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