



London and Manchester
Group plc

Winslade Park
Exeter EX5 1DS
Telephone 0392 444888
Telex ASSURE G 42473
Facsimile No. 0392 410076

CAD-02179

cc Sir Adrian

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

Adrian

N

7 July 1992

Dear Sir

CORPORATE GOVERNANCE

I have been encouraged by an executive colleague of mine to write to you with a proposal I have to make regarding the future governance of UK listed companies. This has emerged from my reading your draft report and thinking through its implications prior to summarising its contents for presentation to the London and Manchester Group board. I should, perhaps, explain that my own role includes responsibility for the Group's annual report and accounts and for much of the other financial material published from time to time by the Group.

My proposal is for every listed company to be required to employ an 'Appointed Accountant' who would carry both a professional and personal responsibility for the integrity of all published financial information by the company and in particular for the half year statement and the annual report and accounts.

The aim would be to give appropriate recognition to the key role played by many qualified accountants, in their capacity as Financial Controllers/Chief Accountants/Finance Directors, who take primary responsibility for preparing financial reports in compliance with the Companies Acts, etc, thereby facilitating the directors to discharge their obligations and the auditors to carry out a satisfactory audit.

It is my view that the 'Appointed Accountant' position is key to improving the standards of financial reporting and that its formalisation - in law, if necessary - could be a key factor in enhancing the financial aspects of corporate governance. A role model for this might lie in the Appointed Actuary that authorised UK life assurance companies are obliged to have by law - and which seems to work extremely well.

Quite obviously, my proposal raises a host of issues and I have not attempted to raise these here let alone address them but I would commend the concept to you for further consideration.

Yours faithfully

R J Alexander
Assistant General Manager
Group Finance