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Cadbury Schweppes

CADBURY SCHWEPPES
PUBLIC LIMITED COMPANY

From DAVID JINKS
GROUP FINANCE DIRECTOR

1-4 CONNAUGHT PLACE
LONDON W2 2EX
TELEPHONE 071-262 1212
TELEX 334413 CSPLC G
FACSIMILE 071-723 1654

DJ/AR

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Nigel Pearce Esq
Secretary
Committee on the Financial Aspects of Corporate Governance
PO Box 433
Moorgate Place
London
EC2P 2BJ

Dear Mr Pearce

Draft to the Committee on the Financial Aspects of Corporate Governance.

We welcome the opportunity to comment on the draft report and fully support the objectives of and proposals in the report to raise the standard of Corporate Governance. We do however feel that in some areas the proposals in the report could be strengthened and some dealt with more appropriately under the various accounting disclosure proposals, particularly the recently published "Operations and Financial Review" which, if accepted, will cover disclosure of some of the issues contained in the report.

Our main points on the report are:

1 It is essential that all Directors operate as Directors of the single Board entity whether they are Executive or Non-Executive. The emphasis on more involvement and accountability of Non-Executive Directors emerging from Corporate Governance must not result in or encourage two tier Boards, which would be of considerable commercial disadvantage to the company and its investors.

2 Whilst the report refers to the requirements of the London Stock Exchange to draw public attention to compliance or non-compliance with the code there does not appear to be any real sanction for non-compliance, and this is an issue which, in our view, the Committee should give more consideration to. Again the two year lapse before the financial reporting council establishes the group to monitor progress gives an indication that the code is more voluntary than might have been the intention in the report.

3 We support the requirement for the owners of the business to increase their levels of awareness and involvement in the company's activities. It is essential that investors are pro-active, vote, support management, communicate any concerns and where it is appropriate, ensure changes are made via the mechanisms of meetings, AGM's etc. etc.

4 We agree it is essential to have continuity of auditors and agree that a change of audit partner at the most senior operating level might be seen as an aid to improving Corporate Governance. It is essential that auditors know the business of their audit client and changes in auditors every 3 years for example, would, in our view weaken the audit role. A change in audit partners therefore would not be desirable. Disclosure of non-audit fees paid to auditors is preferable to restricting the auditors' work to the actual audit. Where professional advice is needed the auditors' knowledge of the business can be a major advantage.

5 The Committee should consider recommending the inclusion of both the Balance Sheet and Cash Flow information in the interim report now. Whilst we support the publication of balance sheet and cash flow statements with the interim results it is not in our view neceesary for them to be reviewed by the external auditors.

6 The requirement of auditors to endorse the statement of compliance should be limited to areas that can be clearly identified and quantified.

7 Going concern statements are more appropriately dealt with under the Operating and Financial Review proposed by the ASB rather than in the formal Directors' report.

8 The disclosure requirements on Directors' remuneration in the US is moving to a greater level of detail than is currently required in the UK. It is an area where different analyses of the same results will cause confusion, so it would in our view be appropriate for the report to indicate the need for consistancy in disclosure.

I hope you find these comments helpful.

Yours sincerely

David Jih