Institute President Peter Wyman has welcomed the publication of the Company Law White Paper containing the DTI's proposals for modernising company law.

Peter Wyman commented:

"This new legislation is vitally important to UK business. We have played an active role in the review since it began in 1998. Existing company law is outdated and needs reform, and the new lighter touch regime for smaller companies is particularly welcome."

Peter Wyman continued:

"In the light of Enron and Worldcom we welcome the Government's support for a mandatory OFR (Operating and Financial Review) which will improve transparency and accountability. We also support the Government's plans to specify in modern terms the duties of directors and specifically the proposed new criminal sanction for directors who mislead auditors. These measures will further improve our already robust framework of corporate governance."

The White Paper is available online at: www.dti.gov.uk/companiesbill. To identify the key points in the Company Law Review Click here

Key points on White paper on Company Law Review

1) "Think Small First" – this is the starting point for company law reform, with additional or different provisions brought in for larger companies.

2) Private companies no longer to be required to hold AGMs unless members want them.

3) Rules governing written resolutions to be simplified.

4) Company constitutions to be contained in a single document with simpler, clearer model for both private and public companies.

5) AGMs to be held within six months of the financial year end for public companies, ten months for private companies.

6) Shareholders to be allowed to scrutinise polls and proxies to be given extended rights.

7) Institutional investors to be encouraged to play a more effective role in corporate governance.

8) Directors' responsibilities to be codified as per the CLR - Their primary responsibility to promote the success of the company for the benefit of the shareholders.

9) Small companies to be defined as anything under £4.8 million turnover, £2.4 million balance sheet, 50 employees. Simple supplementary statement to replace Directors Report for small companies.

10) July 2000 audit threshold increase to £1million to be assessed *before* a decision will be taken on a further increase.

11) SMEs will no longer be entitled to file abbreviated accounts with Companies House, whilst time allowed for filing accounts to be reduced to seven months for private companies and six months for public ones. Simplified reporting requirments for small companies.

12) The largest companies will now be expected to provide an OFR, whilst quoted companies will also be required to prepare a report on directors' remuneration.

13) Quoted companies also required to publish accounts on their websites within four months of year end

14) Independent Professional Reviews not going to be adopted as an alternative to audit for some small company accounts.

15) Other aspects of audit under review post-Enron.

16) CLR's recommendation that those areas of company law requiring regular amendment should be put into secondary legislation to be adopted.

17) Possible creation of a single body based on the ASB model to consider detailed rules on form and content of financial statements except where international standards apply, disclosure requirements for OFRs and the form and content of summary statements.

18) This body would also take over responsibility from the UK Listings Authority for making rules requiring companies to disclose their compliance with the Combined Code and deciding when this code might need updating.

19) A successor body to the FFRP with a broader remit to be introduced to enforce these 'form and content' rules.

20) No statutory creation of a Company Law and Reporting Commission or a Private Companies Committee.

A summary of questions to be consulted on are contained on page 117 of the report which can be accessed via the DTI website at www.dti.gov.uk/companiesbill Deadline for consultation submission is 29 November.