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NO ACCOUNTING FOR EXPLOITATION

Association for Accountancy & Business Affairs

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NO ACCOUNTING FOR EXPLOITATION
EXECUTIVE SUMMARY

Politicians claim that Britain is a ‘classless’ society. Yet the inequalities in income between the rich and the poor are the biggest that they have been for the last thirty years. Employees generate wealth but wealth is not equitably distributed. As a result malnourishment, infant mortality and long-term illness, once considered to be prevalent in the third world countries, are on the rise in the UK.

By examining the published annual accounts of 1,199 major quoted companies we show the deepening social divide in Britain. Company directors are able to give themselves ultra high financial rewards. In some cases their salary (excluding lucrative share options and perks) is more than 200 times the average wage in that company. Household companies such as Kingfisher (Woolworth, Comet, Superdrug, B&Q), Tesco, Somerfield, Safeway, Northern Leisure, Rentokil, EMI, New Look, Bass and Hilton Group show some of the biggest wage differentials. These companies often employ women, part-time and casual labour at low wages. Companies are also using accounting practices to impoverish their employees.

All governments claim to be committed to human rights, justice, and fairness and enabling citizens to live fulfilling lives. Yet none have developed any policies for an equitable distribution of wealth - the wealth that the employees themselves have created. Successive governments have failed to develop any proposals for democratising the workplace. They are more likely to listen to the voice of corporate elites able to sponsor political parties and provide lucrative consultancies for potential and ex-Ministers.

The deepening divide between the rich and the poor is undermining social solidarity and creating disillusionment with contemporary forms of justice, fairness, democracy and politics. Unsurprisingly, the lower paid groups are shunning the ballot box.

This monograph urges reform of corporate governance structures and encourages people to exercise their democratic rights to secure an equitable and just distribution of wealth.

CHAPTER 1
Exploitation and Inequalities

Human Rights

Article 25 of the Universal Declaration of Human Rights, unanimously passed by the United Nations in 1948, states that

> "Everyone has the right to a standard of living adequate for the health and well-being of himself, including food, clothing, housing and medical care and necessary social services, and the right of security in the event of unemployment, sickness, disability, widowhood, old age and other lack of livelihood".

Yet at the dawn of the twenty-first century, freedom from hunger, disease, homelessness, exploitation and squalor remain as elusive as ever. Factors such as globalisation, de-industrialisation, deskilling, the weakening of trade unions, subcontracting, part-time work, the exploitation of women, children and the substitution of unionised workers by the non-unionised labour are shaping the distribution of wealth and income (Barnet and Cavanagh, 1994; Bradshaw and Wallace, 1996). In the citadels of global finance capital, speculators, gamblers and dealers in finance earn more in a week than nurses, bus drivers, shop assistants, cleaners, clerks and bus drivers can earn in a year.

In the age of insecurity the rich are getting richer and the poor are becoming even poorer (Elliott and Atkinson, 1998). Under the influence of the New Right philosophies, equitable distribution of wealth is as unfashionable, at least in political circles, at the end of the twentieth century as at the beginning. The dreams of democracy, equality, social justice and an egalitarian society have been replaced by a kind of 'reverse socialism' where the poor pay a greater proportion of their income in taxes (direct and indirect taxes) to finance economic gains for the rich. The deepening divide between the rich and the poor is undermining social solidarity and creating disillusionment with contemporary forms of justice, fairness, democracy and politics.

Politicians (e.g. current Prime Minister Tony Blair and his predecessor John Major) claim that Britain is a 'classless' society. Yet inequalities in the distribution of wealth show that the gap between the rich and the poor is increasing. The research reported in this monograph shows the extent of the divide between the rich and the poor. It shows that company directors are giving themselves disproportionately high financial rewards compared to the wages and salaries of ordinary workers. In many cases they are collecting more than 200 times (and this excludes lucrative share options and other perks) the average wage of their company's employees. This gap is not the result of any textbook ‘free market’ (Frank and Cook, 1995) but of the ‘visible hand’ of government policies and undemocratic corporate governance structures.

Inequalities and Exploitation

Britain is visibly a two-class society. The privileged few are able to sponsor political parties and ‘capture’ policymaking arenas to secure favourable distribution of wealth and enjoy opulent consumption. They demand privatisation of state industries, low wages for workers and a flexible labour force with few rights. By appropriating an inequitable share of wealth the wealthy are able to pursue a segregationist agenda. By opting out of the public provision of education, health, policing, social welfare and security, they escape collective responsibilities and undermine democratic debates and community needs. The second and the subordinated class, is the increasing section of population consisting not only the unemployed and the elderly, but also people who work hard but are denied an equitable share of wealth. These include women, casual labour, single parents, mature citizens and ethnic minorities.

British workers work the longest hours in Europe. Compared to their European Union (EU) counterparts, they die younger, commute longer and breathe in more polluted air (The Observer, 31 October 1999, p. 23) .They are expected to take work home and work long hours to impress their bosses, usually without any extra pay. (TUC, 1999a). Job insecurity and stress are on the increase. Family and community life is being eroded. The "gap between the highest-paid and the lowest-paid workers is greater than it has been for at least fifty years” (Giddens, 1998, p. 105). The number of citizens living on less than half of average incomes has tripled since 1978. Up to 30% of the population has not shared in any gains in economic growth since 1979 (Hutton, 1999, p. 180). Despite the equal opportunities legislation sex discrimination if rife. Women receive less than 80% of the wages received by men for equivalent work (Daily Mail, 27 October 1999, p. 15). Black, Indian, Pakistani and Bangladeshi families are in the poorest fifth of the income distribution (Department of Social Security, 1999). Even the government acknowledges that the “proportion of people in low incomes in absolute terms has remained roughly constant since 1979 despite average income growth of over 40 per cent" (Department of Social Security, 1999, p. 27). The income inequality experienced in the UK over the last twenty years is unparalleled among OECD countries. In 1998, a United Nations report concluded that Britain, despite being a very wealthy country, is one of the most illiterate, poverty-stricken and overworked of all industrialised nations. More than one in six Britons lives in poverty (The Times, 9 September 1998, p. 10). Poverty in Britain is the direct consequence of the inequitable distribution of wealth - the wealth that the employees themselves have created.

The poverty, social inequality and inequitable distribution of wealth is legitimised not only by government policies, corporate governance structures and neo-classical economic theories, but also by the highly visible hand of contemporary accounting practices. With the help of major accountancy firms, company overlords are able to massage, cook and even roast company profit figures (Griffiths, 1995) and inflate their performance and pay packets, without creating additional wealth. The same accounting technologies are being used to depress the wages of ordinary employees (Sikka et al, 1989; Cousins et al, 1993, 1997). To put it in a nutshell - accounting practices are highly partisan and deprive workers of a fair share of wealth that they themselves have generated. In response to calls for "how accounting could be mobilized to promote social betterment - welfare, justice [and] emancipation" (Broadbent et al, 1997, p. 265) this monograph also draws attention to the partisan role of accounting. It shows how accounting encourages short-term expediencies and prevents employees from receiving an equitable share of wealth. In order to encourage debate, we also suggest an alternative practice.

THE STRUCTURE OF THE MONOGRAPH

This monograph consists of four further chapters. The second chapter draws attention to our research methods. As will be noted, we have taken information from audited company accounts. The companies themselves have generated the information to meet the requirements of the Stock Exchange and the Companies Act 1985. With golden hellos, goodbyes, share options and perks, people need the skills of a kremlinologist to decipher the total level of director rewards. The disclosures are neither consistent nor reader-friendly. Faced with numerous difficulties and our keenness to avoid the charge that we have somehow dreamt-up the figures for share options and other perks, we concentrate on the amounts which the companies say that they have actually paid to their highest paid director as salary (i.e. excluding share options, perks). In reality, the payments to directors are much higher. The wage differentials disclosed in this monograph, if anything, understate the true position.

Chapter three shows the wage differentials in major companies. It shows that the gap between the highest and the average wage appears to be the largest in companies employing women, part-time and casual staff. Wage differentials of more than 200:1 exist. Rather than behaving ethically and giving employees an equitable share of wealth, many company overlords look for excuses. They claim that the payment of decent wages somehow increases business costs and makes businesses uncompetitive. They rarely discuss the social consequences of the inequalities, or the assumptions underlying such statements, or explain the partisan nature of accounting practices used by companies. Conventional accounting practices always show payment of wages (compared to dividends) in an unfavourable light. Chapter four shows the partisan role of conventional accounting practices in depriving employees of an equitable share of wealth. We also suggest alternative accounting practices that can help to secure an equitable distribution of wealth. Chapter five concludes the monograph by arguing that the maldistribution of wealth is a failure of liberal democratic politics. The institutionalised inequalities are incompatible with any notion of democracy, equality, fairness and human rights. It invites the readers to participate in the transformation of politics so that all can live a fulfilling life. The chapter also outlines some proposals for reform.

CHAPTER 2
Research Methods and Data Sources

This chapter describes the methods for securing the information to calculate the wage differentials in major companies. The wage differentials reported in this monograph make use of two primary items of information.

(a) The highest wage paid by a company.
(b) The average wages paid by the same company.

We concentrated on the information provided by companies quoted (approximately 2,400) on the London Stock Exchange. The data is extracted from company accounts prepared in compliance with the requirements of the Companies Act 1985 (as amended by the Companies Act 1989) and the Stock Exchange Listing requirements. These statutory accounts are prepared by company directors and have been audited and described by company auditors as 'true and fair'.

The Highest Wage

It is reasonable to assume that in most companies, the highest paid person is likely to be one of the directors. The Companies Act 1985 (Schedule 6) requires companies to disclose the emoluments of directors. The disclosures are fairly detailed and relate to:

DIRECTOR REMUNERATION DISCLOSURES

(a) Directors' emoluments, including salary fees and bonuses;
(b) Gains made by directors on the sale of share options;
(c) Amounts paid to directors under long-term incentive schemes;
(d) Number of directors to whom retirement benefits are accruing in respect of qualifying services in respect of money purchase schemes and defined benefit schemes;
(e) Pensions in excess of the pensions to which they were entitled (this includes past as well as present directors);
(f) Compensation to past or present directors for loss of office.

Source: The Companies Act 1985

The Act (as amended by various statutory instruments) requires that the remuneration of the directors should be disclosed where the aggregate directors' remuneration is effectively £200,000 or greater during the accounting period. The amount of £200,000 is based on (a)+(b)+(c) mentioned above. There is also a requirement to identify the 'highest paid director', if s/he is not the chairman of the company.

In respect of the director options to acquire company shares and debentures, the Companies Act 1985, Section 325 requires every company to maintain a register. This should include details of the share and debenture options[1] available to each director, his/her immediate family, the date of grant, the period in which option is exercisable, the consideration for the grant (or if no consideration, that fact), the number of shares or debentures involved, the price to be paid and, on exercise, the numbers of shares or debentures acquired under option. Paragraph 2B of Schedule 7 to the Act requires that the information relating to the *granting* or the *exercise* of the option should be given in the directors' report or in a note to the company's accounts.

Despite considerable public concern about the excessive level of financial rewards appropriated by a corporate elite (the fat cats), successive governments have done nothing. In this vacuum, big business has sought to mould public opinion by 'appointing' and 'sponsoring' a series of committees (Committee on the Financial aspects of Corporate Governance, 1992; Study Group on Directors' Remuneration, 1995; Committee on Corporate Governance, 1998) to look at the possible disclosures (not the actual level of financial rewards) of directors' remuneration. These committees oppose stakeholder involvement in fixing and evaluating director salaries. They oppose statutory regulation of disclosures, but recommend that remuneration committees consisting of non-executive directors should decide director remuneration[2]. Their

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[1]The Urgent Issues Task Force (an offshoot of the Accounting Standards Board) has issued commentary on directors' post-retirement benefits and share options (Accounting Standards Board, 1992, 1994). However, there are no accounting standard requiring full disclosures of the financial rewards enjoyed by company directors.

[2]They are not elected by any stakeholder and in reality are the friends of company directors. The non-executives are also on the board of many other companies. It is doubtful that they have sufficient time or independence to be effective. Companies such as the Bank of Credit and Commerce International (BCCI), Maxwell , Polly Peck and others had "appointed" non-executive directors.

recommendations now form part of the Combined Code operated by the London Stock Exchange.

The Cadbury Committee said that

> "The overriding principle in respect of board remuneration is that of openness. Shareholders are entitled to a full and clear statement of directors' present and future benefits, and of how they have been determined" (paragraph 4.40).
>
> "There should be full and clear disclosure of directors' total emoluments and those of the chairman and highest-paid UK director, including pension contributions and stock options[3]. Separate figures should be given for salary and performance-related elements and the basis on which performance is measured should be explained" (paragraph 3.2).
>
> **Source**: Committee on the Financial Aspects of Corporate Governance, 1992 (Cadbury Committee)

There are, however, difficulties in valuing share/stock options. The Accounting Standards Board (1994) claims that the "difficulties of valuation stem from the fact that for most companies, valuation would require the use of theoretical models which become even more complicated and subjective when the rights under the option are contingent on future performance or other factors". The Accounting Standards Board (1994) concluded that "it is not presently practicable for it to specify an appropriate valuation method for options as a benefit in kind" and recommended that companies should disclose "the option prices applicable to individual directors, together with market price information at the year-end and at the date of exercise" (paragraphs 9 and 10).

Following the unwillingness (or inability) of the government and accounting regulators to require meaningful disclosures of director remuneration, the *actual* published information remains incomplete. During our scrutiny of the published information, we noted that a large

[3] One of the tricks is to reward directors and senior employees with share options, the cost of which bypasses the company's profit and loss account. It is estimated that this enables the major US companies to overstate their profits by 56% in 1997 and 50% in 1998 (Financial Times, 25 October 1999, p. 1). The position in the UK is unlikely to be materially different.

number of companies did not identify the 'highest paid director'[4]. In some cases, remuneration details are provided and the reader is left to identify the 'highest paid director'. But the disclosures are not reader friendly. The information about share options is highly deficient. For example, some companies disclose information about the number of share options and the exercise price (i.e. the price at which directors might exercise the option), but many failed to publish any information about the year-end share price, the variability of the share price, any time limit on exercising the option, valuation (see above) of the option or how the tax implications of exercising the options are to be managed/shared between the company and the director in question. As a result the potential gains made by directors in respect of share options cannot really be calculated in any comparable and meaningful way. Therefore, to avoid the charge that we have manufactured the financial gains to company directors we have excluded the possible gains from the future exercise of share options from our calculations.

The Average Wage

The average wage data used in this monograph consists of two parts;

(i) The average number of persons employed during the financial year.
(ii) The wages and salaries bill of the company;

In relation to the number of employees, the Companies Act 1985 requires disclosure of:

EMPLOYEE DISCLOSURES

(a) the average number of persons employed in the financial year; and
(b) the average number of persons so employed within each category by the company

Source: The Companies Act 1985, Schedule 4, para 56

Companies are required to disclose the number of employees employed under contracts of service. As a result directors are normally included in this total but non-executive directors would normally be excluded.

[4]This requirement was introduced by the Companies Act 1967. Neither the DTI nor company auditors appear to be consistently enforcing it.

The Companies Act 1985 gives directors the discretion to analyse employees into appropriate categories. We found that though all companies provided information about the average number of employees there was little consistency in the analysis of ‘categories’ that accompanied it. For example, some converted their employees to an average full-time equivalent but most did not. Hardly any company provided an analysis of employees by gender, age, disabilities, ethnicity, full-time, part-time employment or geographical location.

The Companies Act 1985 (Schedule 4, paragraph 56(4)) also requires companies to publish the total amount of the wages and salaries (plus social security and pension costs) paid to employees for the year. There is no requirement for companies to publish the mean, mode or median salaries and none did so. Until 1989, companies were obliged to publish information about ‘higher paid employees’. At that time, these employees were identified as those earning more than £30,000 per annum and companies were required to identify the number of staff falling into each bracket of £5,000. During the 1980s, groups campaigning to secure a decent wage for poorly paid employees used this information to draw attention to the highly skewed distribution of wealth. The government responded by abolishing the disclosures (Cousins and Sikka, 1993). Consequently, no information is available about the ‘higher paid employees’ and we are unable to refine the data to reflect various hierarchies and inequalities in the distribution of wealth.

Data and Its Limitations

To extract data from published company accounts we used the database known as *DATASTREAM.* We focused upon the information held at 31st August 1999. The database consists of the records of around 2,400 quoted companies. Companies with missing and incomplete data were excluded from our sample. We also obtained copies of the annual accounts published by some companies and used this to verify the quality of the data held on the *DATASTREAM* database. Any problem companies were eliminated, leaving only 1,199 useable companies. For each of these companies, we ascertained the highest wage, the total wages and salaries bill and the average number of employees to enable us to calculate the wage differentials.

The highest paid wage figure, relating to a company director, is taken from the published audited accounts. However, in view of the inconsistencies and gaps in disclosures (see above), this considerably understates the financial rewards to directors. This point is vividly made by the disclosures relating to British Aerospace. The company's 1998 annual report and accounts (page 33) identify the highest paid director as earning £747,371. The same director also made gains on share options of £659,257 (i.e. 88% of the salary), making a total financial package of £1,406,628. In view of the problems identified in making comparisons with other companies, we are only able to use the figure of £747,371.

To calculate the average wage in a company we used the following formula.

$$\frac{\text{Total Wages and Salaries}}{\text{Average Number of Employees}}$$

However, in view of the problems identified above, if anything, the average wage is likely to be somewhat inflated. This can be illustrated with the aid of an example.

A company employs 4 people at a salary of £10,000 per annum each and two people at a salary of £25,000 each. The outcome would be as follows:

4 Employees @ £10,000	=	£40,000
2 Employees @ £25,000	=	£50,000
6		£90,000
Average Wage	£90,000/6 =	£15,000

Given that one (or both) of the employees earning £25,000 could be company directors, the average wage for the ordinary employees would be overstated. So the data published by companies introduces two problems. Firstly, it understates the financial rewards to company directors. Secondly, it somewhat overstates the average wage. The result is that the wage differentials are considerably understated.

Chapter 3 discusses the results of our findings.

CHAPTER 3
THE EXPLOITATION LEAGUE

This chapter reports the wage differentials in major UK companies at 31st August 1999.

In calculating the wage differentials, we expect the director salaries to be high, especially as there is no institutional or legal control on it. In this environment, the company overlords have been helping themselves. Between 1994 and 1997, company directors' pay (excluding perks) increased by an average of 53 per cent whilst employees averaged just 4% a year (TUC, 1998). Despite historically higher rates of unemployment, low investment, research and development, in 1998 company directors' gave themselves pay rises averaging 17.6% (Financial Times, 27 October 1999, p. 1). With the British economy having a growth of only 2-3% per annum, some finance directors received annual wage increases of 54% (Accountancy Age, 28 October 1999, p. 26). The average UK company chief executive earned £394,103 compared to £256,932 in Japan and £243,242 in Germany (The Times, 4 August 1999, p. 31). The 'average' statistics also mask huge increases in salaries given to directors either by themselves or their friends on the remuneration committees. For example, the chairman of British Telecom chairman received a rise of 130 per cent, taking his salary to £2.5 million. The chairman of Scottish Power received a salary of £1,108,000, a rise of 23 per cent (excluding share options) even though the regulators say that the company has been short-changing its customers (Daily Mail, 12 July 1999, p.4). Water company chiefs have given themselves a rise of 13 per cent, which with bonuses adds up to a rise of 40 per cent (The Observer, 11 July 1999, p. 1).

We anticipate that companies employing a large number of women will display large wage differentials. Despite the legislation outlawing sex discrimination, women continue to earn between 75% (The Independent, 10 July 1999, p. 12) and 80% (Daily Mail, 27 October 1999, p. 15) of the amounts paid to men for equivalent work. In the name of 'flexibility', about two million people (about 1 in 15) work (mostly female) on a temporary basis. Some work through good agencies whilst others are exploited. For example, with the introduction of the Work Times Regulations - that limit the maximum working week and give workers' rights (e.g. holidays), some found that their hourly rates have been reduced (The Times, 29 September 1999, p. 11).

The introduction of the minimum wage of £3.60 an hour (£3 for the 18-21 year olds), or £7,500 a year for full-time employees, may have some impact on reducing the wage differentials, but it is not expected to be significant as the amount has been set at a ridiculously low figure. Even then some businesses begrudge paying it. For example, shop workers are being paid at only £1.50 an hour (The Times, 18 October 1999, p. 4). A chain of London salons asked its employees to work an additional day on a 'voluntary basis' if they wanted the minimum wage. Employees working in the textile industry have been subjected to performance related pay which means that they will need to produce more to get the minimum wage. Well known high street fast food businesses pay their staff the minimum wage but the staff are to lose the right to taxis home after their shifts end in the small hours. Companies employing security guards pay the minimum wages but have withdrawn travel and subsistence payments (The Observer, 25 July 1999, p. 1). A giant water company has cut the hours of its cleaners to deprive them of the incremental benefit of the minimum wage. It expects them to do the same work in less time. The result is that despite the introduction of the minimum wage, the cleaners' total wage remains the same as before (Daily Mail, 16 April 1999, p. 32).

In pursuit of higher profits, many companies are locating their labour intensive operations in developing countries, or they hire foreign workers at low wages, all in the name of efficiency, profitability, shareholder returns, dividends and keeping the stock markets and investment fund managers happy. They expect their workers to produce profits, and quality expected by European markets. Despite their world-class contribution, the wages of workers are kept low. It has been reported that major offshore oil companies are paying non-UK employees as little as 81 pence an hour (the Observer, 7 February 1999, p. 1). Others use children and pay them just 18 pence an hour (The Observer, 20 June 1999, p. 5). Temporary workers producing keyboards for IBM computers earn only 96 pence an hour (The Independent, 29 September 1999, p. 1). So it is likely that companies with operations in developing countries would display higher wage differentials.

Based upon prior studies, public revelations and our discussions with some employers and employees we can hypothesise that organisations employing women, part-time staff, casual staff and non-UK based employees would show the biggest wage differentials. Thus the retail trade and the supermarkets are expected to show the biggest inequalities between the average wage and the highest wage. Most shop assistants, check-out operators, shelf-fillers, clerks, machinists, forecourt attendants, security guards, casual labourers and others receive wages very close to the level set by the national minimum wage. As a general rule, the higher prevalence of the female, part-time and relatively unskilled staff is likely to be accompanied by the biggest wage differentials. The size of the differential also depends upon the number of full-time and managerial staff employed by the companies.

The wage differentials for 500 quoted companies[5] are shown in Appendix 1 (see page 37). As previously indicated the wage differentials need to be interpreted with some caution. Due to the limitations of the information *actually* published by companies, the wage differentials are considerably understated. This is due to an understatement of the directors' wages and the fact that share options and other perks have not been taken into account. Secondly, the average wage is made up of employees (including company directors) earning varying amounts of wages. Nevertheless, the information draws attention to the increasing class divide in Britain.

We now provide a snapshot of the retail, food manufacturing, hotels, restaurants and the leisure sectors together with the sectors where the average wage is relatively high. These relate primarily to merchant banking, property, biotechnology, information technology and communications. We also invite the reader to consider whether the inequalities in the distribution of wealth have any moral justification.

RETAILERS, GENERAL

The retail trade is the highest employer of women, young and part-time staff, often considered to be unskilled and usually in a weak bargaining position. Therefore, not surprisingly the retail trade has the largest wage differentials. Table 1 shows that Kingfisher Plc with nearly 110,000 employees in its chain of stores (including Woolworth, B&Q, Superdrug, Comet) has the highest differential at 268. The company’s directors collected over £5 million in salaries. The highest paid director received £2,062,000. In comparison, most of the employees working for retailers, on average receive between £7,000 and £8,000. The low wages also indicate the superior bargaining position of the employers. They can keep the wages down by easily recruiting replacement staff.

Boots, Dixons, Marks & Spencer and Signet show higher average wages, possibly because some of their employees may not be so easily disposable.

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[5]Due to limitations of space we have not produced a list of all 1,199 companies.

For example, some employees may require training to acquire knowledge of specific product lines (e.g. computers, spectacles, cameras, electronics equipment). Due to this investment, it may be desirable to have a higher proportion of employees on a full-time basis and also retain them at a reasonable wage. Other differences in wages may be due to the regional location of stores.

TABLE 1
WAGE DIFFERENTIALS - RETAILERS, GENERAL

Company	Highest Paid Director £000s	Average Wage £000s	Wage Differential Ratio
Kingfisher	2062	7.67	268.8
New Look	1005	6.41	156.8
Arcadia	796	7.88	101.0
Debenhams	586	6.94	84.4
Signet Group	1271	16.07	79.1
W.H. Smith	649	8.44	76.9
Storehouse	496	6.57	75.5
Marks & Spencer	810	10.98	73.8
Clinton Cards	501	7.45	67.2
Boots	632	10.39	60.8
Dixons	809	13.37	60.5
Next	501	9.01	55.6
Courts	400	7.42	53.9
Matalan	381	7.6	50.1

FOOD RETAILERS

Major food stores are also the biggest employers of women, young people and part-time staff (shop assistants, check-out operators). In recent years, companies have also begun to employ senior citizens at low wages. Most of the staff are employed with after minimal training. Many employees work Saturdays and Sundays and also unsocial hours (e.g. night work). The staff turnover is high. But with high unemployment and lack of alternative employment for many, especially women, the food retailers can choose from a sizeable ‘reserve army of labour’.

Table 2 shows that even after including extra payments for working nights and weekends the average wage in the food retailing sector is below £8,000 per annum. With 50,969, 124,172 and 25,417 employees Safeway, Tesco and Somerfield head the league with wage differentials of 130, 114 and 106 respectively.

TABLE 2
WAGE DIFFERENTIALS - FOOD RETAILERS

Company	Highest Paid Director £000s	Average Wage £000s	Wage Differential Ratio
Safeway	1214	9.32	130.3
Tesco	901	7.86	114.6
Somerfield	794	7.49	106.0
Iceland	606	7.58	79.9
J. Sainsbury	579	8.80	65.8
Alldays	502	8.03	62.5
Greggs	344	8.18	42.1
William Morrison	324	7.94	40.8
T&S Stores	300	7.65	39.2
Budgens	319	8.42	37.9

FOOD MANUFACTURERS

In recent years, there has been considerable concern about the quality of food. There have been well reported cases of BSE, E-coli, salmonella and other dangers. The food manufacturers are highly mechanised and automated. The opportunity for human intervention in the processes is limited. The quality of employee intervention depends upon employee motivation and commitment.

Table 3 shows that the average wage in the industry is around £13,000 per annum, considerably less than the national average wage of £19,561 per annum. Amongst the major food producers, the wage differentials vary considerably from 115 to 31, possibly reflecting the regional differences in wages. Cadbury Schweppes heads the league with a multiple of 115. The company's average wage is £15,500, possibly inflated by the presence of 24,255 employees in Europe and North America. Its 14,401 employees in the Pacific Rim, Africa and other places probably earn considerably less.

TABLE 3
WAGE DIFFERENTIALS - FOOD MANUFACTURERS

Company	Highest Paid Director £000s	Average Wage £000s	Wage Differential Ratio
Cadbury Schweppes	1786	15.5	115.2
Unilever	995	12.84	77.5
Unigate	889	16.8	52.9
Coca-Cola Beverages	463	10.73	43.1
Booker	493	11.91	41.4
Tate & Lyle	577	14.06	41.0
United Biscuits	508	13.18	38.5
Bernard Matthews	387	11.21	34.5
Perkins Food	607	18.95	32.0
Albert Fisher	430	13.48	31.9

RESTAURANTS AND LEISURE

Companies operating pubs, restaurants and leisure complexes are the booming businesses of the 1990s. Many communities have provided cheap land and exemptions from local rates to enable out-of-town facilities to be built. Companies in this field are major employers of young people and women. After minimal training they are employed as cleaners, assistants, cooks, waiters, bartenders, clerks and administrators.

By world standards, the UK's hotels, restaurants and pubs have some of the most expensive rooms, menus and facilities. However, the high prices are not being translated into higher wages for employees. Table 4 shows that the average wages remain low, barely above the national minimum wage of £7,500 per annum.

TABLE 4
WAGE DIFFERENTIALS - RESTAURANTS AND LEISURE

Company	Highest Paid Director £000s	Average Wage £000s	Wage Differential Ratio
Northern Leisure	1078	4.98	216.4
Bass	1631	9.76	167.1
Hilton Group	1326	9.62	137.8
Compass Group	606	9.07	66.8
Whitbread	539	8.11	66.5
First Leisure	519	8.16	63.6
Rank Group	629	10.22	61.5
Jarvis Hotels	429	7.04	60.9
Greenalls	411	6.85	60.0
Airtours	768	13.93	55.1
Wolv. & Dudley	265	5.21	50.8
Scottish & Newcastle	489	9.83	49.7

HIGH WAGE BUSINESSES

The wage differentials highlighted in Appendix 1 show the prevalence of low wages, especially in the top 150 companies in the list. Table 5 shows that the wage differentials are generally lower for companies engaged in information technology, biotechnology, communications and other high-tech businesses. Here relatively scarce skills are being translated into higher average wage. Thus British Biotech, Reuters, Merant and Chime Comms show higher average wage.

In oil exploration (BP Amoco, British Borneo Oil & Gas) higher wages may be earned by working in a hostile environment for longer hours. Merchant banking, speculation, investment and property development have long been considered to be the sources of high salaries. Companies, such as Amvescap, Schroders, the Gerrard Group, Helical Bar, London Forfaiting show higher figures for the average wage and hence lower wage differentials.

TABLE 5
WAGE DIFFERENTIALS - HIGH WAGE INDUSTRIES

Company	Highest Paid Director £000s	Average Wage £000s	Wage Differential Ratio
Amvescap	2761	52.67	52.4
Merant	1627	45.32	35.9
BP Amoco	1400	50.50	27.7
Gerrard Group	1109	49.06	22.6
Schroders	1557	85.35	18.2
Helical Bar	2757	158.92	17.3
British Biotech	753	44.27	17.0
Reuters	791	48.23	16.4
Chime Comms	687	44.74	15.4
Xenova Group	603	40.13	15.0
Kiln	579	41.28	14.0
Limit	697	52.22	13.5
British Borneo Oil & Gas	785	63.36	12.4
Great Portland Estates	516	42.31	12.2
London Forfaiting	647	53.71	12.0

EXPLOITATION OF DEVELOPING COUNTRIES

As previously indicated, company disclosures do not enable us to perform any check on the wage differentials in relation to non-UK based employees. This is especially relevant as in pursuit of cheap labour and lower wages many companies are increasingly locating their operations either in developing countries, or employing non-UK based staff. There are also complaints about the low wages paid by Western companies to staff in developing countries. Some pointers are, however, available from companies with large non-UK operations i.e. most of their employees are outside the UK though the core management (comparatively higher paid) tends to be in the UK. The wage differential in some of these companies are highlighted in the Table 6.

TABLE 6			
Company	**Highest Paid Director £000s**	**Average Wage £000s**	**Wage Differential Ratio**
James Finlay	167	0.51	329
Plantation & General	121	0.384	315
Camellia	143	0.56	255
Rowe Evans Investment	115	0.47	245
Linton Park	203	1.04	195
Lonrho Africa	180	1.47	122

James Finlay has tea, flowers, rubber and timber plantations in Kenya, Uganda, Bangladesh and Sri Lanka. Its products are packaged in the UK and the USA and sold to the lucrative European and North America markets. During the year to 31st December 1998, the company's finance director received a salary package of £168,000. The company's 51,385 employees (including 49,731 working in plantations) averaged just £510, which works at out just £1.40 per day.

Plantation & General specialises in growing tea, coffee and sisal in Malawi, Zimbabwe and has tea and rubber plantations in Indonesia. Its business also includes import of garden furniture and hand tools from Brazil. During the year to 31st December 1998, company's chairman, received a salary of £106,666 (two others received £83,515 and £70,698). Another £14,061 was paid into a personal pension scheme on his behalf. The company's 19,319 employees (11 at the head office, 612 in manufacturing, 18 in trading and 18,678 in tropical agriculture) averaged just over £1 per day or £384 per annum.

Camellia Group is involved in the production of tea, coffee, citrus fruits, edible nuts, other horticultural produce and general farming in developing countries. It is also involved in food trading, engineering and related activities. Its 83,079 employees received an average wage of £560 per year, or £1.53 a day.

Rowe Evans Investments operates primarily in Southeast Asia (Indonesia, Malaysia), specialising in the trading of palm oil and rubber. Its managing director received a salary of £114,571 (another director received £103,730). At 31st December 1998, the company’s 1078 employees (of which 5 are UK directors, 173 work in various estates, remainder probably 'local people' engaged in agriculture) received an average wage of mere £475 per annum or just £1.30 per day.

Linton Park plc is engaged in the production of tea, coffee, edible nuts, citrus fruits, other horticultural produce, fishing, cold storage and general farming in developing countries. Its 27,944 employees received an average wage of just over £1,000 a year.

Lonrho Africa operates in Kenya, Uganda, Tanzania, Zambia, Malawi, Nigeria and Mozambique dealing in motors, agribusiness, textiles and hotels. One of the company's directors received a salary of £179,721 plus share options for 200,000 shares. Two other directors also picked up £129,719 and £114,734 respectively. In contrast, the company's 24, 708 employees (161 in Europe and 23,547 in Africa) averaged £1,470.

We could provide details of more companies. But the pattern is clear. Employees in developing countries are paid considerably less even though they produce world class products, returns of investment and dividends to please the UK stock market. The actual wages paid to employees based in developing countries are probably considerably lower than the figures mentioned above, since the average amount includes the salaries of company directors and the European and North American employees. Some companies may argue that they are generating jobs and even financing social infrastructure (e.g. schools, hospitals). Some may even argue that the local wage rates are dependent upon local market conditions. However, the inescapable truth is that all employees contribute to the generation of wealth with their brain, brawn, muscle, blood and sweat, but most do not receive an equitable share of wealth - the wealth that they themselves have generated.

DISCUSSION

This chapter has drawn attention to the institutionalised inequalities in the distribution of wealth - the wealth that the employees themselves have generated. Company directors continue to award themselves huge rewards whilst employees receive considerably less. In many cases directors receive more than 200 times (even after excluding share options) the average wage in the same company. Our survey shows that industries employing women, young people, mature workers and part-time staff show the highest wage differentials. Whilst the UK has an average gross annual wage of £19,561, the employees in the retail trade and food manufacturing earn considerably less. With the demise of the traditional heavy industries and the hollowing out of the manufacturing base, the service sector has been hailed as the new provider of jobs. Traditional supermarkets now sell computers, banking, insurance and finance. New cultural habits are being instilled into people. More people eat out and visit leisure complexes, often at fairly high prices. But this has not been translated into a decent wage for employees.

The institutionalised inequalities in the distribution of wealth have serious consequences for the lives, dignity, motivation and motivation of employees and their families. In the age of inequality, "the gap in health between those at the top and bottom of the social scale has widened" (Acheson, 1998, p. 5). Malnourishment, homelessness and infant mortality are on the rise. The poor are so busy working long hours for low wages that neither they nor their families can afford to visit their doctor, optician or dentist (The Times, 8 September 1998, p. 9). According to the British Medical Association, Britain's children are among the unhealthiest in Europe. The UK's childhood death rate - 18th in the world league - is at par with the debt-crippled economy of Albania. Children from the poorest families are most at risk. British children are four times more likely to die from accidents, have twice the rate of long-standing illness and are smaller at birth and shorter in height compared to their European Union counterparts. Some 50,000 children are born as under-weight because their pregnant mother could not eat enough nourishing food during pregnancy (The Observer, 19 April 1998, p. 1; Daily Mail, 1 July 1999, p. 2). Some four million children (tomorrow's adults) are living in poverty - three times higher than twenty years ago (Daily Mail, 20 July 1999, p. 24). Deprived of adequate income, a large section of the population is unable to make any provision for retirement. Half of the British households have £750 or less in savings. Half of the people in the bottom 30% have less than £100 in savings (Institute for Fiscal Studies, 1999). The lack of retirement savings is most pronounced among those under the age of 25 and among the socio-economic groups D and E where 60% are unable to make any provision for pension (The Times, 18 December 1998, p. 28). With the reductions in the (UK) state provision of pensions, the government admits that people relying on the state "will retire in abject poverty" (Daily Mail, 22 October 1999, p. 41).

The Companies Act 1985 requires that

> "The matters to which the directors of a company are to have regard in the performance of their functions include the interests of the company's employees in general ......".
>
> **Source**: The Companies Act 1985, Section 309.

Yet the inequitable distribution of wealth, its impact on stress, motivation, commitment and the exclusion of many from decent housing, nourishment, education and healthcare must raise serious questions about whether company directors take their statutory duties seriously. No trade union, regulator or employee has tested the significance and meaning of the above legislation in the courts.

The huge inequalities in the distribution of wealth are defended by organisations, such as the Institute of Directors (IOD) and the Confederation of British Industry (CBI). If anything, they want directors to receive even more and employees to take less. The defenders of the social inequalities claim that director salaries (share options and other perks) are linked to profits and performance, as though the efforts and sacrifices of employees did not generate the profits. However, reality is quite different. A few examples will help to make the point. Water is literally ‘manna from heaven’. The water companies have to catch it and ensure that it reaches consumers. With huge leaks and water shortages, Yorkshire Water company has one of the worst records in the country, but that did not stop its chief executive collecting £50,000 in performance related pay alongside a salary of £185,000 (Daily Mail, 19 July 1999, p. 8). The directors of British Biotech awarded themselves a bonus of £350,000 even though the company’s value fell significantly. Its drugs did not work and the company was accused of misleading investors (The Times, 5 August 1999, p. 29). The company's remuneration committee gave its chief executive £714,000 for the first seven months’ work, including a golden ‘hello’ of £350,000. Colt Telecom has been turning in losses for the last five years, with the latest loss of £55.6 million, but two of its directors received a remuneration package of £126 million. Its chief executive received a salary of £517,000, an increase of 30 per cent over the previous year, plus share options thought to be worth £7.2 million (The Guardian, 16 April 1999, p. 20). Another director made a profit of £6,388,465 by a quick sale of his share options (TUC press release, 1 June 1999). The BOC chairman retired with a severance package of £7 million even though his reorganisation plans resulted on the loss of 5,000 jobs (The Observer, 5 September 1999, p. 5). The former chairman of the troubled Marks &

Spencer received £450,000 for part-time work (Financial Mail on Sunday, 13 June 1999, p. 2). Safeway expects its 1999 interim profits to fall by 20%, but its departing chief executive has been given a leaving present of £1.1 million (The Times, 4 November 1999, p. 33). Some 126 company directors have left their lucrative jobs with golden goodbyes of more than £100,000 and the chief executive of BskyB left with £2.8 million (The Independent, 2 November 1999, p. 17). What kind of performance is being rewarded? Few chief executives, if any, can transform companies on their own. Do they really value their employees?

Major corporations and the rich elite dump the cost of the inequalities on the rest of society. They do not want equitable distribution of wealth and oppose any increase taxes for the rich. However, they expect the public to bear the cost of their excesses and support the poor through tax credits and social welfare. As a result generations of people are stigmatised. With reductions in the state provision of social welfare, generations of people are locked into enforced poverty and are prevented from living fulfilling lives. Recently, the government has announced proposals to tackle poverty (Department of Social Security, 1999), but this excludes any policies to secure an equitable distribution of wealth - that is the wealth which employees themselves have created by the use of their brain, brawn and muscles. Without an equitable and just distribution of wealth social inequality and exclusion cannot be tackled. The class divide and the disillusionment with the contemporary institutions of democracy will further deepen.

Finally, with the possibility of public criticisms of the institutionalised inequalities and exploitation, some companies would, no doubt, seek to criticise our research methods. However, all the data used in the monograph has been secured from the information that the companies themselves have published. We acknowledge that there is considerable scope for refining our ‘exploitation league’ and invite companies to publish meaningful information. They could analyse their employees and the total wages and salaries bill by gender, age, ethnicity, mode of employment, geographical location and the higher paid employees - so that a more meaningful indicator of inequalities can be prepared. Most companies already have such information. In the age of the internet it can be made publicly available at little additional cost. The additional information has the potential to enable people to make judgements about ethical conduct by big business.

CHAPTER 4
THE PARTISAN ROLE OF ACCOUNTING

Calls for the equitable distribution of wealth are opposed by some by appealing to supply and demand of labour and market prices. Yet no one willingly agrees to be exploited for poor wages or loss of human dignity. The very concept of an ethical, equitable and just distribution of wealth faces opposition from many company overlords. They claim that the payment of a decent wage will increase industry's 'costs' and erode British industry's competitiveness, resulting in lower economic activity and impoverishment of low-paid employees. These claims are underwritten by neo-classical economic theories which see labour (or employee) costs as a burden which must be minimised or even eliminated. Such an understanding is further promoted by conventional accounting practices in which payments to employees are treated as a 'cost'. In such calculations, reducing wages can increase profit and little attention is paid to the generation of wealth.

Any generation of wealth requires co-operation amongst all business stakeholders. All wealth generation requires the investment of three kinds of capital. Shareholders and creditors provide finance capital. Employees provide skills, commitment, energy and loyalty, or what may be described as an investment of 'human capital'. The third element, 'social capital' is provided by society that provides the infrastructure (family, health, transport, education, care etc.). Without the co-operation of these three forms of capital, wealth cannot be generated. Yet conventional accounting, UK company law and economic understanding ignores this inescapable truth. Accounting practices prioritise the interests of finance capital over all others and in so doing create and legitimise social antagonisms and inequalities. The exclusive focus on profit maximisation detracts from the concerns about wealth generation and its equitable distribution.

In this chapter, we will show that conventional accounting practices are based upon the concern to maximise profits for shareholders, but completely neglect other stakeholders' concerns. Under the conventional practices, profits can be increased without creating one iota of wealth. To encourage debate, we advance an alternative practice known as 'Value Added' as it focuses upon stakeholder concerns and shows that the equitable distribution of wealth is a redistributive and wealth generating effort. Under this approach, the payment of a decent wage does not increase 'costs', but boosts economic activity.

CONVENTIONAL ACCOUNTING PRACTICES

The conventional practices and their assumptions are best understood with the aid of a simple example. Later on, the same data will be used to illustrate the 'value added' approach.

Example: A company sells an item of furniture for £450. Raw materials such as wood, springs, upholstery etc. were bought for £155. Workers were paid £100 wages. Gas, electricity and other services costing £40 were used. The company was partly financed by a loan/overdraft on which interest of £15 was paid. The company is liable to pay corporation tax at the rate of 25%. The company will pay its shareholders a dividend of £85 and the remainder of the profit will be retained in the business.

By using the above data, exhibit 1 shows the conventional profit and loss account.

Exhibit 1
A CONVENTIONAL PROFIT AND LOSS ACCOUNT

	£	£
Sales		450
less Materials Used	155	
Wages Paid	100	
Services Bought	40	
Interest Paid	15	310
Profit Before Tax		140
Corporation Tax (25%)		35
Profit after Tax		105
Dividend Payable		85
Retained Profit		20

As the above example shows, in conventional accounting practices, the interests of finance capital (or shareholders) are considered to be supreme. This is legitimised by the Companies Acts, neo-classical economic theories, accounting standards and accounting education. In this worldview, any increase in wages of the employees is seen to be against the interests of shareholders as it takes away from profits. For example, if the wages are increased from £100 to £110, then profit before tax will decline by £10 from £140 to £130. The above practice also shows that one of the ways of increasing profits is by lowering wages and/or health and safety expenditure etc. Thus if wages are lowered from £100 to £90, profit before tax will increase by £10. The increase in profits is not accompanied by any increase in the production of goods, services or market share i.e. no additional wealth has been generated.

It is now evident that conventional accounting practices encourage lower wages and cuts in training, staff welfare, research and development expenditure. All these produce short-term increases in profits. Such accounting practices are built on the assumption that the objective of a firm is to maximise profit accruing to shareholders. It does not recognise that employees (or labour) are a major asset of any business, providing the brain and brawn to produce the goods, services and to generate wealth. In conventional accounting practices, they are considered to be subordinate to finance capital. Their positive contribution to wealth generation is neglected.

The language of accounting is also interesting. Wages are described as 'costs' and so considered to be 'burdens'. What must employers do to maximise profits and reduce burdens? The self-suggesting answer is that they must reduce 'burdens' or labour 'costs'. In contrast, the rewards to suppliers of other essentials, such as finance (e.g. from shareholders) are considered to be 'rewards'. Thus dividend payments do not constitute 'costs' or 'burdens'. What must a company do to keep shareholders happy? The self-suggesting answer is that it must increase 'rewards' or 'dividends'. Most of the management accounting text-books contain large chapters on how to squeeze more out of labour and how to control 'labour costs'. Most are silent on the generation of wealth, its equitable distribution or looking to future prosperity. The conventional accounting practices pit employees, managers and shareholders (who may frequently be the same persons) against each other. They induce conflict. Class warfare is institutionalised and perpetuated by accounting practices. The emphasis on maximisation of short-term profits neglects concerns with production, investment, 'value added' and distribution of wealth.

VALUE ADDED STATEMENTS: AN ALTERNATIVE

An alternative system of accounting must focus on the maximisation of investment and wealth generation. It needs to encourage maximisation of 'value added' rather than short-term profits. It needs to privilege co-operation amongst stakeholders rather than conflict. Unlike the conventional accounting model, the 'Value-Added Statement' does not assume that 'finance capital' must dominate all others. Instead, all three forms of capital (finance, human and social) are required to co-operate and negotiate over how demands and rewards may be shared amongst them. To maintain and increase their prosperity, all three focus on the long-term and have to 'add value' i.e. generate wealth.

Exhibit 2 uses the earlier data and shows that essential difference between the conventional accounting practices and the 'value added' approach.

Exhibit 2
A VALUE ADDED STATEMENT

	£	**£**
Sales		450
less bought-in materials and services		195
Value Added		255
Shared as Follows:		
To Finance Capital		
Dividends	85	
Interest	15	100
To Human Capital		100
To Social Capital		
Tax etc.		35
To Maintain and Expand Assets		20
		255

Suppose, as a consequence of an agreement to share wealth on an ethical basis, stakeholders agree that the employees' share of 'value added' should be £110 instead of £100. This agreement does not result in any increase in 'costs'. Rather the decision focuses upon the redistribution of wealth and a reconsideration of how the wealth generated is to be divided amongst various groups. Of course, the above illustration is highly simplified. In reality, the employees of a business are unlikely to be homogeneous. They are likely to range from machinists, cleaners, clerks, and designers to executives. So the share of 'human capital' may need to be analysed into various categories. The allocation may be targeted to increase the reward for the lowest paid groups, such as cleaners, or shop assistants. In turn this concentrates minds on how these human assets can best be deployed - through education and training - so that their contribution to added value can be enhanced. For example, could training enable them to be more self-managing, and thereby reduce more expensive managerial overheads?

Some might object to an equitable distribution of 'value-added' on the ground that it has a knock-on effect on pay scales. In the 'value added' approach, the logical answer to this is that increases need to be supported by their contribution to added-value, and not by appealing to institutionalised differentials or induced market scarcity. A value added statement focuses upon equitable distribution and under this, it does not necessarily follow that an equitable wage will increase 'costs' of the organisation, or that the consumers will have to pay a higher price.

In the above example, the business accounts focus on stakeholders rather than just the shareholders. The conventional profit and loss account assumes that directors are accountable to finance capital or shareholders. The Value Added Statement assumes that accountability and obligations extend to employees and society generally. Under this, managerial decision-making becomes more inclusive, less exclusive. All three providers of capital have to negotiate to secure an equitable share of value added. The divisive language of conventional accounting that labels people as 'costs' and 'burdens' is discarded. It does not assume that employees are a 'burden' and that reduction in the wages paid to them will increase 'profits'. Instead, there is an appreciation that business will only prosper through maximisation of 'value added'. Productivity schemes that maximise 'value added' can be designed. As we indicated earlier, short-term profit can be increased merely by reducing wages or eliminating staff training, research, development, advertising, PR and other 'costs'[6]. This does not provide a good basis for business or a sound long-term basis for wealth creation.

DISCUSSION

[6]Measures harming the environment but which reduce business 'costs' are positively encouraged by the contemporary accounting models.

The claim that ' an equitable distribution of wealth will increase costs’ is underpinned by conventional accounting practices. Its legitimacy rests upon the acceptance of all the ‘class’ biases and other inequities built into conventional accounting practices. To many, such accounting practices appear to be non-political, highly technical, grey, boring and complex. The defenders of the status quo are happy to advance such an image of accounting as it disarms, critics, challengers, low-pay groups and others. It shields accounting practices from scrutiny by portraying them as neutral and unbiased. Yet accounting practices are highly political and partisan. They affect the distribution of income and wealth in a way that is disadvantageous not only for a key stakeholder group, but also for investing in people and skills.

By moving to an alternative model which emphasises stakeholder rather than just shareholder concerns, the question of ‘increased costs’ can be challenged. In the Value Added Statement, the emphasis is on generating prosperity and sharing the outcomes. In this approach, the payment of a decent wage does not result in any increase in ‘costs’. It shifts the focus to negotiations and (re)distribution of the wealth generated amongst stakeholders.

In an earlier era governments considered reforming accounting practices (Department of Trade, 1976) by bringing stakeholder interests to bear upon them. But in response to opposition from organised corporate interests (Confederation of British Industry, 1976) it did nothing. Prior to the 1997 general election, the Labour Party claimed that it wanted to make companies accountable to stakeholders, but in a world where big business increasingly rules elected governments, this promise too appears to have been abandoned. For a modest start, the government should require companies to supplement their conventional published accounts with Value Added Statements. However, reform by itself is unlikely to take place unless the groups seeking an equitable distribution of income and wealth question the ‘visible hand’ of accounting practices in legitimising the present inequalities and maldistribution of wealth.

CHAPTER 5
SUMMARY AND PROPOSALS FOR REFORM

There is a growing disparity between the wages and salaries of ordinary workers and company directors. All wealth generation requires active co-operation between the providers of finance capital (e.g. shareholders), human capital (employees) and social capital (social infrastructure). But this wealth is not being equitably distributed. By using the information published by companies in their audited annual accounts, we have shown that in many cases company directors are receiving more than 200 times the average salary of their employees. These differentials, if anything, are understated. The inclusion of lucrative share options and perks will make the wage differentials even larger, perhaps by more than another 75%. The government should be acting to secure an equitable share of wealth for all employees. But all governments have abandoned policies for redistribution of wealth. None have any policies for ensuring that employees secure an equitable share of the wealth that they themselves have created. Despite regular press sniping, the 'fat cats' show no sign of slimming. The poor are being reduced to passive consumers and exposed to the New Right's moralising demonisations.

The Secretary of State for Trade and Industry, speaking on behalf of the government, openly says "we are not in the business of controlling the levels of directors' pay" (Accountancy Age, 21 October 1999, p. 25), but government urges workers to take even a smaller share of wealth. Governments pretend that the top people's salaries are a matter for the remuneration committees. But they remain silent about the composition of these remuneration committees. Most are made up of the friends of company directors. Most are simultaneously executive directors or non-executive directors of many other companies. They have little time to get to know the affairs of the numerous companies that they are involved with. They are not elected by any of the corporate stakeholders. Neither are they directly accountable to stakeholders. By curbing the greed of company directors, the remuneration committee members would be signing their own death warrant. They will not be re-appointed and will lose their fees. So the incentive is to let the executive pay escalate. This escalation comes in very handy since it also provides the benchmark for the pay of the non-executive directors sitting on the remuneration committees. Such committees are of no help in securing equitable distribution of wealth.

The Confederation of British Industry (CBI), the Institute of Directors (IOD) and other organisations defending the inequalities in the distribution of wealth claim that company executives need large pay packets to motivate them. However, the same organised interests are silent on the distribution of wealth to company employees. Some company executives salvage their conscience by sponsoring publicly visible charitable projects. Laudable as this may be, it does not justify the exploitation of employees. Rather than delivering self-fulfilment and freedom from poverty, British boardrooms and governments are encouraging exploitation of employees. The IOD and CBI argue that workers only get paid what the 'free' market allows. However, in market economies employees are not ‘free’ agents. They cannot store their labour (we all get old) and sell it at a later date. The need for food, shelter, clothing and other essentials ensures that employees are forced to sell their labour in market conditions that they themselves have not created. They have to sell their labour effectively on the terms specified by big business.

Social inequalities and unfulfilled lives do not seem to concern company overlords. Like robber barons of the old, they continue to write their own cheques. There is no countervailing force from trade unions or governments to demand equitable distribution of wealth. Employees have no say in electing directors, or in the distribution of wealth that they themselves helped to create by the use of their brain, brawn, muscle and sweat. The reaction of the self-appointed Cadbury (Committee on the Financial aspects of Corporate Governance, 1992) and Hampel Committees (Committee on corporate Governance, 1998) is to oppose any intrusion of democratic practices into corporate affairs. They don’t want worker directors, independently elected audit committees, or open board meetings. The office-door and factory-gate remain firmly shut to democratic and ethical practices. The best that the government can come up with is the proposal that company shareholders should vote on directors’ remuneration (Department of Trade and Industry, 1999). Such proposals do not address the exploitation of employees and do nothing to secure an equitable distribution of wealth for the employees - the wealth that they themselves have created.

The deepening inequalities and exploitation highlight the crisis of liberal democracies. The democratic institutions have failed to secure a fair share of wealth for employees. In political circles, the rhetoric of higher profit, escalating share prices, dividends and efficiency takes precedence in a manner that is fundamentally at odds with the democratic principles of justice and fairness. Political discourse is being increasingly shaped by corporate interests, whilst alternative voices are being silenced, muted, or excluded altogether (Dahl, 1989). The highly paid bosses of major companies are the most vociferous opponents of any programme for the equitable distribution of wealth. Their voices are heard because major corporations are able to finance political parties and provide lucrative consultancies for potential and ex-Ministers. By endorsing the huge wage differentials the government is endorsing anti-democratic and unethical practices. At the same time, the spokespersons for the government and industry claim that individuals have an inalienable right to engage in the development of their human capacities and live fulfilling lives. Deprived of an equitable share of wealth how can employees and their families live fulfilling lives?

The exploited people increasingly feel that the political system does not do anything for them (Habermas, 1976). More and more people are failing to appear on the electoral register. A large number of those appearing on the electoral register do not exercise their vote. By privileging the voices of the corporate elites, the political system has disenfranchised ordinary people. Politicians want people's votes to legitimise their power, but they are not prepared to do anything to secure a more equitable distribution of the wealth generated by employees.

Democratic ideals should apply to all political, social and economic arenas so that all can receive an equitable share of the wealth and live fulfilling lives. We reject the notion that those experiencing exploitation will somehow spontaneously seek to revive democracy. Indeed, they are more likely to lose faith and abandon the system. In itself, the experience of exploitation or subordination does not guarantee that people will develop a radical perspective vis-a-vis their subjection. The exploited people will only become radicalised when they find a political discourse that gives an effective account of their condition and gives them tools and means of joining others in developing an alternative perspective. Such a perspective needs to be built around the principles of equality, fairness and justice which can become the ‘fermenting agents’ for securing an equitable distribution of wealth and living fulfilling lives.

However, people cannot just 'passively' wait for a new social order or caring governments, if there are such things. They need the basic essentials now. We suggest the following additional courses of action.

- Look at your company's annual accounts and note the highest wage that the company is required to publish by law. It is most likely that this will be that of the chief executive. Add to it the value of any golden hellos, goodbyes, perks, pension scheme and share options. Now compare this figure to your wage, average wage or minimum wage. Ask yourself whether the directors are really working hundreds of times harder than you to earn their salary. Discuss the issues with your colleagues. Consider the impact of the inequalities on your own job security.

- Alert your local trade union or staff association of the gap between the average, minimum and the highest wage. Demand an explanation from the employers. How is it that the bosses can give themselves double-digit rises but most workers get very little?

- Make the wage differentials a topic of discussion at Works Councils, trade union meetings and other forums. Publicise the inequities through letters to newspapers and magazines and through commentaries on internet sites.

- Use your right as a shareholder (if you own company shares), or mobilise friends to raise the issues at company annual general meetings.

- Are you a member of a pension fund? Then urge the pension fund trustees to highlight the wage differentials at the company's annual general meeting. Urge the trustees to vote against any inequitable rises for company directors unless they are matched by an equitable distribution of wealth amongst all employees.

- Who exactly is deciding that compared to the company chief executive the employees deserve to be paid a lot less? Find out the composition of the remuneration committee, if any, and let them know how you feel about not getting a fair share of the wealth. Compare your salary to the amounts picked up the members of the remuneration committee, usually for a few days work, and ask them to explain the disparities.

- Do not be put-off from the pursuit of an equitable distribution of wealth by the technicalities of the company's accounting practices. You and your trade union officials can easily recalculate the numbers, as shown in chapter 4.

- Write to the Ministers at the Department of Trade & Industry (DTI) to draw attention to the inequitable distribution of wealth in your company. Ask the government to democratise the workplace and develop policies that enable you to secure your share of the wealth.

- Write to your local Member of Parliament. Let it be known that you will not vote for him/her unless s/he supports an equitable distribution of wealth that you yourself have helped to create. Publicise your concerns in the local press.

- Write to Ministers, MPs and trade unions urging reform of the 'salary and wages' disclosures required by the Companies Act 1985. The present disclosures do not provide any information about the wages of women, the over 60s, those aged below 21 or part-time workers. Demand transparency and full disclosures relating to director remuneration. To understand the skewed distribution of wealth, demand disclosures of the higher paid employees e.g. those earning more than say £50,000 per annum. Demand disclosures of the number of employees confined to the minimum wage. The reforms should help to give visibility to the institutionalised inequalities.

The above processes may not immediately change the distribution of wealth, but they do have a potential to change the moral climate. They can help to give visibility to the increasing gap between the rich and the poor.

APPENDIX 1
Wage Differential Ratios in Major Companies (1998/99)
Top 500 Wage Differential Ratios (1998/99)

	Company Name	Highest Paid Director £000	Average Employee Wage £000	Wage Differential Ratio
1	KINGFISHER	2062	7.67	268.8
2	NORTHERN LEISURE	1078	4.98	216.5
3	EMI GROUP	6728	32.57	206.6
4	LONMIN	630	3.12	201.9
5	BASS	1631	9.76	167.1
6	MEPC	6291	38.83	162.0
7	NEW LOOK	1005	6.41	156.8
8	ROYAL BANK OF SCOTLAND	3302	21.91	150.7
9	RENTOKIL INITIAL	1419	9.42	150.6
10	HILTON GROUP	1326	9.62	137.8
11	SAFEWAY (UK)	1214	9.32	130.3
12	BOC GROUP	2176	18.76	116.0
13	CADBURY SCHWEPPES	1786	15.50	115.2
14	TESCO	901	7.86	114.6
15	SOMERFIELD	794	7.49	106.0
16	ARCADIA GROUP	796	7.88	101.0
17	BRITISH TELECOM.	2529	26.95	93.8
18	BARCLAYS	2545	27.57	92.3
19	GRANADA GROUP	981	11.29	86.9
20	TOMKINS	1497	17.58	85.2
21	DEBENHAMS	586	6.94	84.4
22	ICELAND GROUP	606	7.58	79.9
23	SIGNET GROUP	1271	16.07	79.1
24	UNILEVER (UK)	995	12.84	77.5
25	SMITH(WH)GROUP	649	8.44	76.9
26	STOREHOUSE	496	6.57	75.5
27	MAN(E D & F)GP.	2213	29.39	75.3
28	MARKS & SPENCER	810	10.98	73.8
29	SMITHKLINE BEECHAM	1919	26.23	73.2
30	TI GROUP	1348	18.70	72.1
31	BROWN & JACKSON	381	5.49	69.4

32	P & O	854	12.44	68.6
33	MITIE GROUP	356	5.26	67.7
34	CLINTON CARDS	501	7.45	67.2
35	COMPASS GROUP	606	9.07	66.8
36	GLAXO WELLCOME	1863	27.99	66.6
37	WHITBREAD	539	8.11	66.5
38	SAINSBURY (J)	579	8.80	65.8
39	WALKER GREENBANK	1425	21.74	65.5
40	FIRST LEISURE	519	8.16	63.6
41	WPP GROUP	1655	26.04	63.6
42	ALLDAYS	502	8.03	62.5
43	RANK GROUP	629	10.22	61.5
44	JARVIS HOTELS	429	7.04	60.9
45	BOOTS	632	10.39	60.8
46	DIXONS GROUP	809	13.37	60.5
47	EUROMONEY INSTL.INVESTOR	2160	35.90	60.2
48	GREENALLS GP.	411	6.85	60.0
49	ALLIED DOMECQ	638	10.86	58.7
50	STANDARD CHARTERED	1093	18.64	58.6
51	RIO TINTO (REG)	1256	21.66	58.0
52	NEXT	501	9.01	55.6
53	AIRTOURS	768	13.93	55.1
54	COURTS	400	7.42	53.9
55	UNIGATE	889	16.80	52.9
56	WILLIAMS	828	15.78	52.5
57	AMVESCAP	2761	52.67	52.4
58	STAGECOACH HDG.	777	14.98	51.9
59	GENERAL ELEC.	1267	24.48	51.8
60	FKI	983	19.02	51.7
61	WOLV. & DUDLEY	265	5.21	50.9
62	MATALAN	381	7.60	50.1
63	SCOT. & NEWCASTLE	489	9.83	49.7
64	GKN	1100	22.33	49.3
65	WICKES	563	11.44	49.2
66	ALLIANCE & LEICESTER	878	17.92	49.0
67	INCHCAPE	584	12.17	48.0
68	INDE.INSURANCE GP.	1496	32.30	46.3
69	INTL.GREETINGS	685	14.93	45.9
70	BLAGDEN	852	18.66	45.7
71	STYLO	224	4.92	45.5

72	PEARSON	1168	25.87	45.1
73	BAIRD (WILLIAM)	342	7.68	44.5
74	COATS VIYELLA	386	8.69	44.4
75	JOHN DAVID SPORTS PLC	285	6.46	44.1
76	DAILY MAIL & GEN.	1004	23.02	43.6
77	COCA COLA BEVERAGES	463	10.73	43.2
78	DEWHIRST GROUP	288	6.74	42.7
79	GREGGS	344	8.18	42.1
80	MACDONALD HOTELS	372	8.94	41.6
81	ORANGE	780	18.76	41.6
82	VICKERS	914	22.08	41.4
83	BOOKER	493	11.91	41.4
84	HSBC HOLDINGS	934	22.70	41.1
85	TATE & LYLE	577	14.06	41.0
86	ROSEBYS	369	9.01	41.0
87	MORRISON(WM)SPMKTS.	324	7.94	40.8
88	TELEMETRIX	265	6.50	40.8
89	RUTLAND TRUST	905	22.88	39.6
90	BABCOCK INTL.	801	20.33	39.4
91	T & S STORES	300	7.65	39.2
92	LONDON INTL.GP.	447	11.42	39.1
93	INVENSYS	708	18.13	39.1
94	UNITED BISCUITS	508	13.18	38.5
95	HARTSTONE GROUP	472	12.28	38.4
96	SECURICOR	366	9.53	38.4
97	LEGAL & GENERAL	854	22.53	37.9
98	BUDGENS	319	8.42	37.9
99	BLUE CIRCLE INDS.	732	19.37	37.8
100	BLACKS LEISURE	256	6.81	37.6
101	POWERGEN	1054	28.10	37.5
102	GREENE KING	307	8.19	37.5
103	ELECTRONICS BTQ.,THE	358	9.57	37.4
104	LLOYDS TSB GP.	739	19.83	37.3
105	COOKSON GROUP	810	21.83	37.1
106	ELEMENTIS	834	22.51	37.1
107	GT.UNVL.STORES	544	14.74	36.9
108	FIRST CHOICE HOLS.	487	13.30	36.6
109	VARDY (REG)	635	17.56	36.2
110	VOLEX GROUP	265	7.34	36.1
111	CABLE & WIRELESS	819	22.72	36.0
112	ASCOT	713	19.83	36.0

113	BUNZL	748	20.83	35.9
114	MERANT	1627	45.32	35.9
115	PILKINGTON	687	19.23	35.7
116	RECKITT & COLMAN	512	14.43	35.5
117	NORTHERN ROCK	441	12.45	35.4
118	PRUDENTIAL CORP.	893	25.23	35.4
119	HEPWORTH	639	18.09	35.3
120	TARMAC	667	18.93	35.2
121	JKX OIL & GAS	180	5.15	35.0
122	HOUSE OF FRASER	469	13.44	34.9
123	CGU	742	21.30	34.8
124	MAYFLOWER CORP.	722	20.80	34.7
125	SWALLOW GROUP	258	7.46	34.6
126	FERGUSON INTL.	613	17.73	34.6
127	MATTHEWS(BERNARD)	387	11.21	34.5
128	MEYER INTL.	521	15.13	34.4
129	MFI FURNITURE	624	18.13	34.4
130	BERTAM HOLDINGS	43	1.25	34.4
131	QUEENS MOAT HSE.	454	13.24	34.3
132	DAWSON HDG.	512	14.96	34.2
133	ELECTROCOMP.	628	18.53	33.9
134	BBA GROUP	765	22.82	33.5
135	CRODA INTL.	723	21.66	33.4
136	VODAFONE AIRTOUCH	824	24.87	33.1
137	HUGHES (TJ)	202	6.13	33.0
138	NFC	615	18.73	32.8
139	NATIONAL EXPRESS	592	18.17	32.6
140	WILSON BOWDEN	605	18.86	32.1
141	AEGIS GROUP	1026	32.03	32.0
142	PERKINS FOODS	607	18.95	32.0
143	HORACE SML.APPAREL	406	12.72	31.9
144	ALBERT FISHER	430	13.48	31.9
145	WYEVALE GDN.CENTRES	221	6.96	31.8
146	MISYS	982	31.13	31.5
147	ANGLIAN GROUP	541	17.20	31.5
148	THISTLE HOTELS	316	10.05	31.4
149	OCEAN GROUP	540	17.19	31.4
150	ALLIANCE UNICHEM	352	11.51	30.6
151	CHESTERFIELD PR.	263	8.61	30.5
152	ASHTEAD GROUP	565	18.51	30.5
153	NESTOR HEALTHCARE	267	8.75	30.5

154	MERCHANT RETAIL	243	7.98	30.5
155	BRIT.AEROSPACE	747	24.58	30.4
156	SLUG & LETTUCE	281	9.32	30.2
157	TELEWEST COMMS.	678	22.59	30.0
158	STIRLING GP.	290	9.67	30.0
159	HALIFAX GROUP	458	15.31	29.9
160	TAYLOR WOODROW	463	15.48	29.9
161	BRYANT GROUP	649	21.73	29.9
162	CARLTON COMMS.	658	22.06	29.8
163	LAPORTE	760	25.65	29.6
164	AVIS EUROPE	622	21.12	29.5
165	RCO HOLDINGS	180	6.12	29.4
166	TIME PRODUCTS	548	18.69	29.3
167	CITY CTR.REST.	243	8.31	29.2
168	BRITISH LAND	787	26.93	29.2
169	PENDRAGON	456	15.63	29.2
170	ROBERT WSM.DRS.	467	16.08	29.0
171	ASTRAZENECA	859	29.62	29.0
172	BODY SHOP INTL.	389	13.46	28.9
173	TILBURY DOUGLAS	582	20.21	28.8
174	SAATCHI & SAATCHI	1017	35.56	28.6
175	MIRROR GP.	740	26.06	28.4
176	PERSIMMON	568	20.09	28.3
177	ABBEY NATIONAL	521	18.45	28.2
178	GAMES WORKSHOP	310	10.98	28.2
179	BROWN (N) GROUP	350	12.40	28.2
180	SALVESEN(CHRIS.)	480	17.07	28.1
181	MCCARTHY & STONE	599	21.31	28.1
182	BERISFORD	566	20.16	28.1
183	COURTAULDS TEXT.	328	11.70	28.0
184	DAWSON INTL.	354	12.67	27.9
185	PROVIDENT FINL.	475	17.01	27.9
186	BRITAX INTERNATIONAL	471	16.94	27.8
187	REXAM	520	18.72	27.8
188	BP AMOCO	1400	50.50	27.7
189	HEYWOOD WILLIAMS	480	17.40	27.6
190	SIG	476	17.32	27.5
191	HAZLEWOOD FOODS	401	14.62	27.4
192	SEMARA HOLDINGS	244	8.93	27.3
193	LOW & BONAR	562	20.69	27.2
194	CATTLES	361	13.33	27.1

195	PORTMEIRION POTS.	358	13.23	27.1
196	NORWICH UNION	549	20.30	27.0
197	BNB RESOURCES	859	31.78	27.0
198	RMC GROUP	494	18.29	27.0
199	CHAPELTHORPE	434	16.10	27.0
200	BICC	568	21.09	26.9
201	ALLDERS	260	9.70	26.8
202	BRANDS HATCH LEISURE	327	12.34	26.5
203	WATERFALL HOLDINGS	158	5.99	26.4
204	BAA	682	25.86	26.4
205	LAIRD GROUP	410	15.64	26.2
206	FAIRVIEW	808	30.87	26.2
207	CHELSFIELD	592	22.72	26.1
208	CRESTACARE	184	7.07	26.0
209	MORLAND	234	9.00	26.0
210	MARTIN INTL.	152	5.85	26.0
211	ASHLEY (LAURA)	365	14.06	26.0
212	ASSD.BRIT.FOODS	394	15.35	25.7
213	NORTHERN FOODS	367	14.33	25.6
214	YOUNG(H)HDG.	472	18.48	25.5
215	LUMINAR	191	7.48	25.5
216	ANS	230	9.01	25.5
217	TRANSTEC	488	19.14	25.5
218	BANK OF SCOTLAND	486	19.08	25.5
219	BOWTHORPE	487	19.15	25.4
220	ATLANTIC CASPIAN	180	7.08	25.4
221	DIXON MOTORS	348	13.74	25.3
222	SCOTTISH POWER	515	20.36	25.3
223	ANTOFAGASTA HDG.	322	12.79	25.2
224	IMP.CHM.INDS.	627	24.92	25.2
225	ALPHA AIRPORTS	304	12.09	25.1
226	CENTRICA	543	21.61	25.1
227	STANLEY LEISURE	240	9.56	25.1
228	INN BUSINESS	205	8.19	25.0
229	PARK GROUP	302	12.07	25.0
230	SIMON GROUP	625	25.01	25.0
231	OLD MONK COMPANY	147	5.90	24.9
232	REED INTL.	707	28.66	24.7
233	ARJO WIGGINS APL.	559	22.69	24.6
234	FENNER	398	16.18	24.6

235	HUNTINGDON LIFE SCIENCESGP.	480	19.53	24.6
236	REED EXECUTIVE	282	11.49	24.5
237	ALEXON GROUP	185	7.54	24.5
238	NAT.WSTM.BANK	832	34.14	24.4
239	BURMAH CASTROL	517	21.26	24.3
240	DAIRY CREST	447	18.40	24.3
241	SSL INTERNATIONAL	410	16.88	24.3
242	WOOLWICH	493	20.32	24.3
243	JOHNSON MATTHEY	479	19.88	24.1
244	AGGREGATE INDUSTRIES	553	23.33	23.7
245	SMITH & NEPHEW	450	18.99	23.7
246	BLICK	481	20.31	23.7
247	WARDLE STOREYS	382	16.14	23.7
248	CARADON	477	20.20	23.6
249	COUNTRYSIDE PROPS.	453	19.22	23.6
250	GEEST	304	12.90	23.6
251	JOHNSON SERVICE GROUP	207	8.79	23.5
252	TT GROUP	363	15.53	23.4
253	MCALPINE(ALFRED)	452	19.34	23.4
254	HOLMES PLACE	260	11.15	23.3
255	MANSFIELD BREW.	145	6.22	23.3
256	AMEC	561	24.15	23.2
257	BIRKBY	294	12.66	23.2
258	SFI GROUP	171	7.38	23.2
259	EUROSOV ENERGY	158	6.86	23.0
260	EMESS	343	14.90	23.0
261	GARTLAND WHALLEY &BARKER	358	15.62	22.9
262	ADAM & HARVEY GP.	110	4.81	22.9
263	BRAKE BROTHERS	386	16.90	22.8
264	HEADLAM GROUP	370	16.21	22.8
265	FRENCH CONNECTN.	328	14.37	22.8
266	INFORMA GROUP	606	26.61	22.8
267	DELTA	337	14.82	22.7
268	COUNTRYWIDE	416	18.36	22.7
269	GERRARD GROUP	1109	49.06	22.6
270	POWERSCREEN	381	16.87	22.6
271	CHARTER	431	19.23	22.4
272	MENZIES (JOHN)	277	12.40	22.3
273	LOOKERS	371	16.69	22.2

274	ROYAL DOULTON	258	11.62	22.2
275	GRAMPIAN HDG.	204	9.27	22.0
276	AMEY	456	20.76	22.0
277	ERA GROUP	244	11.11	22.0
278	BRITISH STEEL	520	23.74	21.9
279	COX IN.HOLDINGS	411	18.79	21.9
280	SENIOR	437	20.07	21.8
281	MCLEOD RUSSEL	344	15.81	21.8
282	FLEXTECH	667	30.98	21.5
283	WIMPEY (GEORGE)	459	21.35	21.5
284	FRIENDLY HOTELS	219	10.21	21.4
285	BPB	427	19.91	21.4
286	HANSON	488	22.77	21.4
287	BRITISH VITA	340	15.92	21.4
288	FINE ART DEVELOPMENTS	282	13.24	21.3
289	ROLLS-ROYCE	548	25.74	21.3
290	SMITH (DAVID S)	402	18.89	21.3
291	LDN.SCOT.BANK	246	11.57	21.3
292	JARDINE LLOYD THOMPSON	644	30.41	21.2
293	GLYNWED	373	17.62	21.2
294	HORNBY	276	13.04	21.2
295	OLIVER GROUP	125	5.91	21.2
296	LAING (JOHN)	367	17.57	20.9
297	DAVIS SER.GP.	259	12.40	20.9
298	ASSD.BRIT.ENGR.	199	9.53	20.9
299	WREN	637	30.65	20.8
300	PACE MICROTECHNOLOGY	478	23.03	20.8
301	BEATTIE (JAMES)	136	6.56	20.7
302	API GROUP	430	20.75	20.7
303	TBI	465	22.48	20.7
304	JOHNSTON PRESS	297	14.36	20.7
305	WAGON	373	18.10	20.6
306	TAYLOR NELSON SOFRES	510	24.75	20.6
307	CHEMRING	287	13.93	20.6
308	SCOTIA HOLDINGS	483	23.46	20.6
309	COFFEE REPUBLIC	310	15.07	20.6
310	JACOBS HOLDINGS	393	19.11	20.6
311	WASSALL	365	17.75	20.6
312	JJB SPORTS	269	13.12	20.5
313	RACAL ELECTRONIC	573	27.98	20.5

314	KUNICK	162	7.93	20.4
315	HARVEY NICHOLS	273	13.37	20.4
316	TRANSPORT DEV.	369	18.08	20.4
317	SELFRIDGES	282	13.88	20.3
318	ALEXANDRA	236	11.62	20.3
319	YULE CATTO	351	17.29	20.3
320	PERPETUAL	531	26.20	20.3
321	QUICKS GROUP	334	16.49	20.3
322	ARRIVA	292	14.42	20.2
323	LEX SERVICE	398	19.67	20.2
324	CANNONS GROUP	265	13.17	20.1
325	CHORION	352	17.54	20.1
326	ISA INTL.	336	16.76	20.0
327	GALLAHER GROUP	606	30.38	19.9
328	QS GROUP	148	7.44	19.9
329	NYCOMED AMERSHAM	628	31.57	19.9
330	IMPERIAL TOBACCO GP.	542	27.27	19.9
331	UNITED UTILITIES	461	23.23	19.8
332	ELDRIDGE POPE	121	6.10	19.8
333	RAILTRACK GP.	500	25.32	19.7
334	TRINITY MIRROR	320	16.22	19.7
335	CHLORIDE GROUP	365	18.58	19.6
336	MEGGITT	424	21.62	19.6
337	CAPITA GROUP	343	17.50	19.6
338	SAVILLS	760	38.85	19.6
339	ROSS GROUP	115	5.88	19.6
340	LOPEX	457	23.39	19.5
341	SELECT APPT.HDG.	647	33.24	19.5
342	CAPITAL RADIO	394	20.27	19.4
343	EUR.MOTOR HDG.	321	16.55	19.4
344	PEEL HOLDINGS	294	15.19	19.4
345	IMI	414	21.45	19.3
346	OLD ENG.INNS	178	9.23	19.3
347	WIGGINS GROUP	296	15.37	19.3
348	HOLIDAYBREAK	188	9.79	19.2
349	MOWLEM (JOHN)	374	19.65	19.0
350	CALEDONIA INVS.	318	16.79	18.9
351	HOLT (JOSEPH)	83	4.39	18.9
352	FRENCH	244	12.92	18.9
353	RUGBY GROUP	335	17.76	18.9
354	BRITISH AIRWAYS	494	26.20	18.9

355	MILLENNIUM & COPTHORNE HOTELS	312	16.64	18.8
356	GOWRINGS	149	7.97	18.7
357	EXPRESS DAIRIES	338	18.09	18.7
358	STAVELEY INDS.	419	22.46	18.7
359	LYNX GP.	387	20.75	18.7
360	BROOKS SERVICE	156	8.37	18.6
361	ALLEN	358	19.21	18.6
362	LAMBERT FENCHURCH GP.	471	25.30	18.6
363	BURTONWOOD BREW.	163	8.78	18.6
364	MDIS	691	37.24	18.6
365	LAND SECURITIES	473	25.51	18.5
366	AVON RUBBER	282	15.23	18.5
367	MONEY CONTROLS	337	18.24	18.5
368	PEX	212	11.54	18.4
369	SERCO GROUP	300	16.36	18.3
370	SCHRODERS	1557	85.35	18.2
371	KENWOOD APP.	194	10.68	18.2
372	PARAGON GP.OF COS.	376	20.70	18.2
373	COBHAM	403	22.23	18.1
374	CHRYSALIS GROUP	507	27.99	18.1
375	PENTLAND GROUP	361	19.95	18.1
376	CABLE & WIRELESS COMMS.	546	30.27	18.0
377	LILLESHALL	264	14.68	18.0
378	COSTAIN GROUP	210	11.72	17.9
379	HELPHIRE GROUP	288	16.08	17.9
380	UTD.NEWS & MEDIA	616	34.51	17.8
381	CMG	539	30.35	17.8
382	PLYSU	306	17.37	17.6
383	ALVIS	372	21.15	17.6
384	BULLOUGH	316	18.00	17.6
385	KINGFISHER LEISURE	136	7.76	17.5
386	HAMLEYS	261	14.94	17.5
387	OSBORNE & LITTLE	423	24.34	17.4
388	LDN.CLUBS INTL.	303	17.46	17.4
389	HELICAL BAR	2757	158.92	17.3
390	BETT BROS.	240	13.84	17.3
391	CALDERBURN	371	21.40	17.3
392	FIRST GROUP	262	15.23	17.2
393	SWALLOWFIELD	231	13.47	17.1

394	MULBERRY GROUP	251	14.64	17.1
395	FULLER SMITH 'A'	189	11.05	17.1
396	DOMINO PRINTING	397	23.22	17.1
397	BRITISH BIOTECH	753	44.27	17.0
398	MERSEY DOCKS	409	24.07	17.0
399	VIRIDIAN GROUP	429	25.25	17.0
400	SHANKS GROUP	323	19.10	16.9
401	EMAP	386	22.86	16.9
402	PARITY GROUP	548	32.48	16.9
403	ATLANTIC TELECOM	327	19.47	16.8
404	COSALT	252	15.03	16.8
405	RJB MINING	435	25.95	16.8
406	FIFE GROUP	260	15.55	16.7
407	CARPETRIGHT	272	16.27	16.7
408	BRITANNIC	417	24.98	16.7
409	MEDEVA	468	28.06	16.7
410	SPRINGWOOD	103	6.18	16.7
411	BPP HDG.	273	16.39	16.7
412	HAVELOCK EUROPA	281	16.97	16.6
413	NATIONAL POWER	555	33.52	16.6
414	HUNTING	324	19.66	16.5
415	THAMES WATER	297	18.04	16.5
416	REUTERS GP.	791	48.23	16.4
417	HAMMERSON	406	24.80	16.4
418	WYNDEHAM PRESS GP.	426	26.08	16.3
419	ASSD.BRIT.PORTS	365	22.39	16.3
420	SECURE TRUST BANKING GP.	311	19.12	16.3
421	FIRTH RIXSON	314	19.32	16.3
422	HEWDEN-STUART	266	16.41	16.2
423	KELSEY INDS.	274	16.91	16.2
424	ULTIMA NETWORKS	362	22.35	16.2
425	SEVERN TRENT	349	21.58	16.2
426	BURNDENE INVS.	273	16.94	16.1
427	BULMER (HP)	369	22.96	16.1
428	LIBERTY INTL.	345	21.52	16.0
429	GOSHAWK INS.	387	24.20	16.0
430	CAIRN ENERGY	513	32.08	16.0
431	HYDER	365	22.95	15.9
432	NORCROS	263	16.54	15.9
433	TRAVIS PERKINS	245	15.41	15.9

434	POWELL DUFFRYN	309	19.48	15.9
435	BTP	334	21.16	15.8
436	LAVENDON GROUP	325	20.67	15.7
437	RICHMOND FOODS	194	12.36	15.7
438	TEMPUS GROUP	454	29.01	15.6
439	OASIS STORES	156	9.98	15.6
440	HAMPSON INDS.	268	17.17	15.6
441	STADIUM	162	10.39	15.6
442	DAEJAN HOLDINGS	384	24.64	15.6
443	BRIT.POLYTHENE	282	18.12	15.6
444	HARDYS & HANSONS	97	6.24	15.5
445	BS GROUP	128	8.25	15.5
446	CHIME COMMS.	687	44.74	15.4
447	MERISTEM	271	17.67	15.3
448	FI GROUP	309	20.18	15.3
449	SCAPA GROUP	297	19.40	15.3
450	DIPLOMA	275	17.98	15.3
451	SAGE GROUP(THE)	393	25.71	15.3
452	GRAINGER TRUST	498	32.59	15.3
453	SEMA GROUP	399	26.51	15.1
454	XENOVA GP.	603	40.13	15.0
455	SKILLS GROUP	408	27.16	15.0
456	NIGHTFREIGHT	203	13.52	15.0
457	STYLE HOLDINGS	186	12.39	15.0
458	BG	434	28.95	15.0
459	FOLKES GROUP	289	19.29	15.0
460	GOLDSHIELD GROUP	241	16.14	14.9
461	CLUBHAUS	142	9.51	14.9
462	KELDA GROUP	326	21.91	14.9
463	METALRAX GROUP	190	12.79	14.9
464	FII GROUP	221	14.90	14.8
465	WILSON(CONNOLLY)	254	17.19	14.8
466	ANDREWS SYKES	257	17.46	14.7
467	PERRY GROUP	222	15.11	14.7
468	BODYCOTE INTL.	261	17.79	14.7
469	BOVIS HOMES GROUP	330	22.63	14.6
470	WF ELECTRICAL	221	15.18	14.6
471	WORTHINGTON GP.	144	9.90	14.5
472	HOGG ROBINSON	264	18.28	14.4
473	ABERDEEN ASSET MAN.	514	35.61	14.4
474	GUINNESS PEAT GP.	304	21.08	14.4

475	SHERWOOD GP.	187	12.98	14.4
476	EPWIN GROUP	226	15.72	14.4
477	EUROCOPY	285	19.84	14.4
478	WEIR GROUP	302	21.03	14.4
479	SPRING GROUP	268	18.75	14.3
480	KALAMAZOO CMPTG.	354	24.79	14.3
481	STRATAGEM GROUP	255	17.86	14.3
482	ANITE GROUP	394	27.65	14.2
483	HUNTLEIGH TECH.	300	21.13	14.2
484	CREST NICHOLSON	333	23.53	14.2
485	HR OWEN	311	22.04	14.1
486	HARVEYS FURNISHINGS	186	13.24	14.0
487	KILN	579	41.28	14.0
488	BPT	278	19.98	13.9
489	GRAHAM GROUP	202	14.58	13.9
490	PEEL HOTELS	46	3.33	13.8
491	GET GROUP	243	17.65	13.8
492	WENSUM CO. (THE)	168	12.23	13.7
493	SCOT.RADIO HDG.	212	15.44	13.7
494	JACQUES VERT	181	13.19	13.7
495	SOUTHNEWS	267	19.50	13.7
496	EUROPOWER	199	14.55	13.7
497	CRITCHLEY GP.	291	21.36	13.6
498	NICHOLS(JN)(VIMTO)	211	15.49	13.6
499	RELIANCE SCTY.	183	13.45	13.6
500	WADDINGTON	273	20.07	13.6

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