
Editorial

Consolidation but not Compromise

The Government has promised us a consolidated Companies Act, and we are all duly grateful. As things are we have to refer to the Companies Acts of 1948, 1967, 1976, 1980 and 1983. Any sort of consolidation will therefore be an improvement, but gratitude for benefits to be received need not stop us from copying *Oliver Twist* and asking for more.

What more could we want? We would like a code of company law and, indeed, there was some talk of consolidation being the first, and necessary step towards codification. The prospects of a code seem, however, to have receded. On January 24 this year Dr Vaughan, Minister of State for the Department of Trade, was asked: Why not a code? His answer was far from encouraging. Extensive study, further substantive legislation, and many years of preparation would be required. Not a convincing reason, nor was his further statement: the Government was not aware of any widespread demand for company law to be codified. If by that he means that people are not massing in Whitehall chanting "Give us a code", then he is probably right. But what of the company secretaries, the accountants, and even the lawyers? They would like a code.

If the Government says No Code, can we hope at least for some change in the language of the consolidation? We do not know the terms of the Government's instructions, but we may suspect that they are for a scissors and paste operation. Existing sections would be reassembled, omitting, it is true, spent provisions, and the language of the consolidated Act would be identical to the language we have been trying to understand since the Trading Companies Act of 1834. There is a chance now for something better. The Government could say it wanted a plain English Companies Act. Not perhaps basic English, but a little bit more understandable than most of our legislation. If another few months were needed for the translation, we would wait. We could ask Lord Denning to help.

The odds on either a code or a simple English version are not good. Even while the work of consolidation is going on, the Government does not apparently see eye to eye with the lawyers even on the format of the proposed legislation. The official view is that there should be eleven consolidated Acts, the idea being that the subject matter should be treated in separate categories, such as Accounting and Liquidation. Different categories of users will be interested in only one Act, and will not be required to give desk room to provisions they do not want. The Law Society and the Senate of the Inns of Court are agreed that this is nonsense, although they use more tactful language.