

Editorial News

Shareholder Remedies

The Company and Commercial Team at the Law Commission has published a consultation paper on shareholder remedies. It deals principally with proceedings brought by shareholders to enforce the rights of companies and their personal rights.

Shareholders may want to take action on behalf of a company, for example, when directors use the company's assets for their own purposes, or a shareholder may want to bring proceedings to enforce a personal right to vote at a general meeting. These are situations which can arise in a business of any size.

An example of a problem which arises more often in small private companies is when a founder owner-manager is excluded from participation in the business. He would want to bring proceedings to enforce his personal right to continue in management.

The consultation paper examines litigious and contractual methods of dealing with those and other disputes in all types of companies.

Computer Hackers are not Deterred by Prosecutions

According to a press release from Computacenter, tougher legislation and more prosecutions will not deter computer hackers from breaking into corporate information technology (IT) systems.

Computacenter has undertaken a survey with 136 computer hackers at the 'Access All Areas' annual Hacker's conference and over the Internet and one of the principal messages is that companies will be left to fend for themselves when it comes to computer security. They cannot rely on changes in the law to protect them from unauthorised access, sabotage and fraud. The hacker does not fear the law, is seldom caught and rarely prosecuted.

The survey shows that one in four hackers thinks that the system administrator is at fault for leaving gaping holes in IT systems through which hackers can enter. Common criticisms from hackers are bad system design, using default settings, using out-of-date security systems, lack of encryption techniques and firewalls. Apparently easy passwords are the easiest and most common method of gaining access.

Over half the hackers responding to the survey believe that the Internet provides more opportunity to break into company systems and the Internet even provides them with free specialist hacking software to help them.

The report gives companies some clear signals about how to deter hackers and make their systems more secure. The first is to address internal security. According to the survey, 23 per cent of hackers operate from their workplace, either to hack into restricted areas of their own company's systems, or to use their own system to gain unauthorised access to external computer systems. Other points to note are that there should be better system administration and

monitoring; audit trails; firewalls; data encryptions; and using computer generated passwords and verification call back. It appears that the companies most at risk are the IT companies.

Further information and a copy of the report can be obtained from

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Revenue National Helpline for Employers

The Inland Revenue Contributions Agency and Customs and Excise have launched a joint telephone helpline for employers on 0345 143 143. Employers will have easy access to the three departments for general enquiries about PAYE, National Insurance and VAT registration.

The line will be open from 8.30 am to 5.00 pm. Callers from anywhere in the UK will be able to 'phone at local rates and select the service they require from an automated menu.

The line will be closely monitored and an independent survey will check on customer satisfaction.

Tax and Companies Buying Their Own Shares

The Chancellor of the Exchequer has announced that he is to include a provision in the next Finance Bill to change the tax treatment of schemes involving companies buying their own shares or paying special dividends in such a way that the proceeds end up almost entirely in the hands of those who are entitled to payment of a tax credit.

The new rules to remove payable tax credits in some circumstances will take effect from 8 October 1996.

Guidance on Employee Consultation Regulations

Important changes to the law on consulting employees on health and safety matters took place on 1 October 1996. The Health and Safety Executive has published a free leaflet and guidance on the changes.

The leaflet explains the relationships and differences between the new Health and Safety (Consultation with Employees) Regulations 1996 (HSCER) and the existing Safety Representatives and Safety Committees Regulations 1977 (SRSCR). SRSCR already require employers to consult safety representatives appointed by trade unions they recognise. Under the new HSCER employers must consult any employees who

Continued on p 234.

Editorial News continued from p. 222

are not covered by SRSCR. The leaflet includes a useful diagram which will help employers decide which Regulations apply to them.

Detailed guidance for employers on HSCER, which came into force on 1 October 1996, has also been published. It explains employers obligations and that they have the choice of consulting directly or through representatives elected by the employees they are to represent. Examples of good practice are also given.

Copies are available from HSE Books:

Tel: 01787 881165: Fax: 01787 313995.