IPTG issues new guidance for pension trustees

The Independent Pension Trustee Group (IPTG) has launched a revised version of its code of guidance.

The code was originally produced in 2004 following discussions with the Pensions Ombudsman and the Pensions Regulator. It was recognised at the time that independent trustees must operate to the highest possible standards of governance.

The aim of the code is to raise standards and provide consistency across providers of trustee services. It covers six key areas:

- Appointment procedures;
- Dealing with co-trustees and third parties;
- Investment;
- Risk management;
- Compliance; and
- Insolvency.

Roger Cobley, IPTG Committee Chairman, said: "This is a live document for independent pension trustees to work by. Members of this group already have high standards, but recognise that in the past three years we have had further pensions legislation and nine codes of practice from the Pensions Regulator setting even higher standards.

"The focus on trustees in general, and independent trustees in particular, is greater than ever. We believe that this updated code will not only help trustees in carrying out their responsibilities, but give confidence to members, plan sponsors and regulators that independent trustees who are members of IPTG are aware of and committed to the standards articulated in this code of guidance." ■

Senior treasurer salary survey

The ACT is undertaking a targeted survey of group treasurers in the FTSE 100 and FTSE 250, supported by the Curzon Partnership.

The survey will determine trends in the treasury recruitment sector with a particular focus on the senior executive level. Those treasurers invited to take part in the survey are asked to return their responses as soon as possible.

The results of the survey will appear in a later edition of *The Treasurer*. ■

Treasurers need to know who holds their debt

Treasurers need to be more familiar than ever with who holds their company debt and how this influences their actions on a daily basis, the treasurer of a well-known construction company has warned.

Gary Slawther, Group Treasurer at Jarvis, speaking at an ACT conference on why treasurers should care who is holding their debt, described how a complicated corporate restructure drastically changed the attitudes of the company's lenders.

Jarvis embarked on an aggressive, debt-financed growth strategy in 1994, which saw the company move into areas such as rail, schools and medical treatment centres.

The Potters Bar rail accident in 2002 hit the company hard and lenders placed enhanced restrictions on its current and future activity.

Slawther told the conference, co-sponsored by NM Rothschild and Standard & Poor's, that ensuring you are aware of who holds your debt will make all the difference when times are hard because of restrictive covenants that you may be exposed to.

He said: "Treasurers need to make sure that they are familiar with all relevant documents and that the company as a whole is keeping track of what they are doing. If you have this control, then you will be in a much stronger position."

Stringent regulations sometimes imposed by lenders make effective reporting systems all the more valuable. Slawther said: "They need to be of very high quality. You may find you have to introduce a culture change in a very short space of time and this can be difficult."

Slawther said that keeping informed of who your lenders are and the way they could affect your role as treasurer could take some time but was well worth the effort. ■

Yell's different debt story

Investment and sub-investment grade corporates can have very different experiences of corporate debt and how who holds it can change the way they operate.

David Scriven, Group Treasurer at Yell, spoke of his experiences at the ACT's conference on why treasurers should care who is holding their debt.

Scriven said: "In 2001Yell did a leveraged buy-out from BT and it has since been involved in four large merger and acquisition bids. These triggered a refinancing and an IPO in 2003. For sub-investment grade corporates, the market is very different. Liquidity is very patchy. You can start a project and find that things will change dramatically before the end, altering the outcome you expected."

Scriven argued that his view of the market from a sub-investment grade perspective was very different from that of the creditors. The market is much more restrictive, so understanding who holds your debt makes a difference.

He said: "You have to analyse all term documents carefully and be sure that certain things you want to do in the future are permitted. If not, you could think you are able to embark on a project only to find that you trip a covenant during the process."

Scriven: It matters, but it's out of your control

Scriven concluded by arguing that it did matter to a corporate who held its debt but that debt ownership was difficult to control in many cases.

He said: "Do I care? I do but what can I do about it? The ability to manage the syndicate is down to market conditions. There are many points I need to address in my term sheet in a short amount of time. The important thing is finishing the financing in time." ■

Fundamentals conference goes from strength to strength

The foreign exchange market, pensions, and accounting and governance were some of the topics covered at this year's ACT Treasury Fundamentals conference.

The annual event, which has been running for more than 10 years, is attended by a range of professionals, from new recruits to the treasury profession to finance directors and bankers.

Conference Chairman Bob Williams said: "The conference is aimed at people who want to start or who have just started a career in treasury. We also have attendees who work in other parts of a business and want to understand more about the treasury function."

This year saw attendees from higher up the business ladder, with finance directors and other senior management brushing up on the latest treasury developments.

Williams said: "Obviously, treasury has changed quite a lot over the years, so the conference has adapted to include new topics, such as pensions and accounting for treasury. These areas are useful for everyone and not just beginners."

The conference was sponsored by Bayern LB and included presentations from Nick Mourant of Tesco and David Swann of BAT. ■

Bob Williams: changing face of treasury.

On the move...

- **Philip Andrew**, AMCT, formerly Controller at British American Tobacco Russia, has been appointed Finance Director of Kalyx Services, a division of Sodexho Alliance.
- **James Andrews**, MCT, previously Portfolio Strategist at ABN Amro Capital Management Group, has joined MBIA as Vice-President in its Project Finance Surveillance area.
- **Patrick Clarke**, International Affiliate, previously Manager of Global Treasury Advisory Services at Ernst & Young, has joined Accenture as Manager for Finance & Performance Management.
- **Robert Crowe**, AMCT, has been appointed Manager at Ernst & Young Australia's Financial Risk Management Group. Previously, he was Treasury Analyst at Exel.
- **Stephen Ewell**, MCT, previously Treasurer at Shop Direct Financial Services has joined the Funding Corporation as Treasurer.
- **Philip Findlay**, AMCT, previously Financial Planning Accountant at British Energy, has joined Kwik-Fit Group as Group Financial Planning Manager.
- **Raj Gandhi**, MCT, has been appointed Finance Director at London Capital Group Holdings. Previously, he worked for Royal Dutch Shell as a Business Analyst in Group Reporting.
- **Shahram Jahanbani**, MCT, previously Senior Manager for Finance at Halliburton Kellogg Brown & Root, has joined BG Group as Finance Manager Algeria.
- **Sally Marshall**, AMCT, has been appointed Budget Analyst at ConocoPhillips Canada. Previously, she was Business Analyst at Tesco Stores.
- **Melvin Pointer**, FCT, previously Chief Financial Officer at Hal Knowledge Solutions, has been appointed Executive Director at Goldman Sachs International.
- **Sally Tilley**, AMCT, has been appointed Assistant Treasurer at Electrocomponents. Previously, she was Senior Treasury Manager for Operations at TI Automotive.
- **David Wilson**, FCT, previously Treasurer, Central, at Cable & Wireless, has joined Emap as Group Treasurer.

MEMBERS' DIRECTORY

Members' contact details are updated regularly at **www.treasurers.org**. *Email changes to Anna Corr:* **acorr@treasurers.org**

CAREERS

For up-to-date treasury vacancies and careers articles, log onto: **www.treasurers.org/careers/index.cfm**

Private equity comes under attack

The private equity market has come under scrutiny in recent weeks, with calls for tighter controls and limits on tax advantages. Trade unions and Labour MPs argue that the disparity between the treatment of debt and equity has led to a recent increase in takeovers, particularly by private equity firms which can borrow more heavily than quoted companies.

Recent high-profile private equity deals include Permira's takeover of frozen food company Birds Eye, which was criticised for job losses and factory closures in the UK. Despite criticism and calls for changes in regulation, some argue that private equity has many plus points.

Richard Lambert, Director General of the CBI, said private equity houses offered a compelling model for improving business performance which has seen companies return to the stock market in far more robust shape than when they were previously listed.

UK sets cross-border deals record

Last year saw a boom in cross-border deals in the UK.

During 2006, there were 242 deals completed in the UK by foreign companies – the highest level of deals since 1999, according to accountants Grant Thornton. Foreign companies invested £75.5bn – a 50% rise on 2005 and the highest level ever recorded.

With investment from the EU falling from £23.9bn in 2005 to £11.3bn in 2006, and investment from the US falling from £11.7bn in 2005 to £7.2bn in 2006, the UK was the subject of increasing takeover activity from businesses in developing and other developed countries.

In 2006, developing countries invested £40bn in 32 deals, up from £5.3bn in 2005. Developed countries invested more than £16bn in 46 deals, compared with £9.8bn in 58 deals the year before.

In terms of UK companies investing abroad, deal volumes in 2006 at 388 were at their highest level since 2000 with the amount invested in 2006, £37.7bn, over 15% higher than the 2005 level of £32.7bn, the highest level since the 2001 figure of £41.4bn.