

PRESS RELEASE

The ACT comments on the ASB's Statement on the Operating and Financial Review, calling for a "safe harbour" for companies' opinions and forecasts about the outlook

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The Association of Corporate Treasurers welcomes ASB Statement on the Operating and Financial Review and calls for a "safe harbour" for companies' opinions and forecasts about the outlook.

The Association of Corporate Treasurers welcomes the publication of the new Statement by the Accounting Standards Board earlier today.

John Grout, Technical Director at the Association commented that:

"This will provide an improved framework for OFRs issued on a voluntary basis. It is clearer and encourages discussion of future trends and expectations. Many companies had already put the work in hand to comply with the withdrawn mandatory requirement for an OFR and that expenditure was in danger of being wasted. Companies will now be in a better position to benefit from that work in their future communications to shareholders and other stakeholders."

"The Government can still move to encourage more useful Reviews, however. Discussion of trends and the outlook for the company and its business is inherently more speculative than historical financial reporting. Directors need the assurance that they will not be exposing themselves to later legal actions when they express opinions or make forecasts in good faith and not recklessly. The Government needs to clarify this or introduce a specific "safe harbour" as there is in the United States."

Earlier today, The Accounting Standards Board published a statement of best practice for companies and other bodies which publish an Operating and Financial Review. The Statement is based on Reporting Statement 1, developed for the mandatory OFR and now withdrawn by the Government at the end of last year. Many companies and other bodies already publish OFRs based on the ASB's 1993 Statement, revised in 2003, and those which do not are encouraged to begin, based on today's new Statement of best practice.

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NOTES TO EDITORS

Should editors wish to commission an article from the ACT, please contact Richard Raeburn (as above).

About the ACT

Established in the UK in 1979, The Association of Corporate Treasurers (ACT) is a centre of excellence for professionals in treasury, risk and corporate finance operating in the international marketplace. It has over 3,500 members from both the corporate and financial sectors, including representatives from 95 of the FTSE 100 companies. With 1,500 students in more than 40 countries, the ACT promotes study and best practice in finance and treasury management. Its examinations are recognised by both practitioners and bankers as the global standard setters for treasury education.

The ACT is represented on various government, regulatory and financial bodies, and is actively involved in contributing to, and commenting on, major policies and procedures. For further information visit www.treasurers.org