

IN BRIEF

■ **AIB International Financial Services**

(www.aibifs.com) has launched Financial Instrument Management Services (FIMS), a web-based secure portal, to offer 'best practice' IAS 39 and risk management solutions. "FIMS provides companies with a user-friendly mechanism to document and test their hedges in accordance with the new accounting regulations," said Neil Fleming, Finance Director of AIBIFS. The company claims FIMS can calculate the numbers required for IAS 39 compliance. It allows users to access current and historical market data, mark-to-market derivatives and track hedges and hedge effectiveness.

■ Oil and gas group **OMV AG** has selected SunGuard Treasury Systems' AvantGard-Quantum and AvantGard-Risk (www.treasury.sunguard.com) for its group treasury function in Vienna. Udo Giegerich, Senior Vice President of Group Treasury at OMV, said the system would optimise management of group cash and manage treasury risk, further facilitating group plans to double oil and gas production volumes and market share by 2008. "SunGuard's integrated AvantGard solution will provide Straight-through processing for our treasury transactions and support cash and risk management needs," said Giegerich.

■ Information and communications technology group **Getronics Corporate BV** has selected Integrity Treasury Solution's (www.integra-t.com) [integra-t.com](http://www.integra-t.com) to support its international business activities. Its centralised treasury in Amsterdam looks after financing, debt management, cash management, and investment management. It also deals with interest rates, foreign exchange (FX) and credit/counterparty risk management. [integra-t.com](http://www.integra-t.com)'s open platform and connectivity with banking software, electronic dealing systems, market data providers and its accounting system were central to the group's decision.

■ Global wine and spirit distributor **Maxxium Worldwide BV** has extended its use of SimCorp's (www.simcorp.com) IT/2 treasury management solution by implementing IT/2 NET. The web-based extension to IT/2 streamlines communication between Maxxium Worldwide's central treasury in Amsterdam and 34 subsidiaries around the world. IT/2 NET allows treasury personnel in its subsidiary operations to access central treasury information directly in real-time. "We act as an internal bank for our subsidiaries, but we no longer have to push treasury data out to them; instead, they pull up the information when required," explained Treasury Operations Manager Ron Wessels. "This goes beyond simple reporting – we can do IAS 39 accounting and compliance reporting if they don't have such capabilities."

The ACT celebrates 25 years of achievement

The ACT celebrated its 25th anniversary last month with a special event at the Plaisterers Hall in London, which was attended by more than 250 members including 19 ex-presidents and past Council chairmen and three former director generals/chief executives.

Introduced by ACT Chief Executive Richard Raeburn, attendees also heard speeches by Alan Clements, the first Director General of the ACT, and Chris Jones, President of the ACT.

Describing the ACT on its 25th anniversary, Jones pointed out that it had grown significantly, with members and students now covering 94 of the FTSE 100. "Education continues to be central to the ACT's strategy and it has developed a strong profile in the marketplace through thought leadership," he said, pointing out that the association's views are sought by the Bank of England, the Financial Services Authority and International Accounting standard setters.

The ACT has also demonstrated that it can supplement membership fees by running successful profitable events and attracting high calibre sponsors, he said.

Moving on to the future, Jones said: "The best way to predict the future is to invent it and this has been the mark of the ACT over the past 25 years, and I hope the next 25 years.

"In the future, we will continue to encompass treasury from top to bottom. Our intention is not to become a volume-based cash management association – although cash management is a key discipline. Instead, we will embrace the more



CURRENT ACT CHIEF EXECUTIVE, RICHARD RAEBURN (SECOND FROM LEFT), WITH (L-R) FORMER ACT DIRECTOR GENERALS DAVID CREED, JEREMY WAGENER AND GERALD LEAHY

challenging roles of a treasurer including funding, risk management, corporate finance and insurance. These are central to what we think a treasurer should be doing in the 21st century."

He explained that the association must develop its examination syllabus, maintaining its quality but making it more flexible to support growth. He added that the ACT needs to develop an effective response for those treasurers who move into the profession from tax, finance and operations, and become more prominent on the international stage.

The event also proved unique for the award of four Fellowships. Two of these went to ACT pioneers – Peter Hayman and Bill McLuskie. Mary Keegan, Chairman of the Accounting Standards Board since 2001, who was recently appointed an MD role at HM Treasury; and Sir Edward George, former Governor of the Bank of England, also received Fellowships.

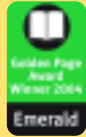
Cash management survey goes online

The ACT and JPMorgan Fleming Asset Management have joined forces for the sixth year running to produce the *International Cash Management Survey*. The deadline for entries is 30th September and the results will be published

later in the year. For more information see page 17 and to download a copy of the questionnaire, log on to: www.jpmorganfleming.com/liquidity or www.treasurers.org/technical/cashsurvey2004.cfm. ■

The Treasurer strikes gold

The Treasurer has won an award for its content in the 2004 Golden Page Awards, presented by leading international management information publisher Emerald. The awards were presented after an assessment of the top 400 management journals in the world throughout 2003. *The Treasurer* won its award for managerial



application in the Accounting and Finance category. "The award exemplifies the prestige with which the content of our publication is perceived," said Mike Henigan, Publisher of *The Treasurer*. "We have every aspiration to make sure we continue to serve the high-quality needs of our professional, discerning readership."

TWIST is launched

Corporate treasurers may soon benefit from the Straight-through processing (STP) of payments with other corporates and banks, as well as fully-automated working capital management, following the launch of new harmonised standards for electronic communication.

Treasury Workstation Integration Standards Team (TWIST), a non-profit seeking organisation set up in 2001, announced its set of XML-based standards for inter-corporate and corporate-to-bank electronic communications for payment-related transactions.

These new standards are based on a core payment kernel developed by four bodies set up to create payment standards for different uses – the Interactive Financial Exchange (IFX), the Open Applications Group Inc (OAGI), the Society for Worldwide Interbank Financial Telecommunication (SWIFT) and TWIST – with the support of nine major international banks.

TWIST extends this core kernel initiative by providing additional communication standards for treasury – the processing of invoices and invoice dispute management as well as the reconciliation of payments. The payment types supported include electronic fund transfers,

automated clearing house payments, direct debits, cheques and card payments.

"TWIST is seeking to improve the end-to-end process of handling invoicing, payments and working capital management in domestic and international trade," said Steven Hartjes, Partner of Ernst & Young, who is responsible for co-ordination of the payments initiative within TWIST. "These standards unlock significant efficiency gains for corporates and their banks. By harmonising the core payment kernel of these standards with SWIFT, IFX and OAGI, we have ensured not just their universal applicability but also the broad support for these XML standards."

Tom Buschman, Treasury Development Manager of Shell and co-ordinator of the TWIST initiative, added that several organisations have started to implement new harmonised payment standards. "To encourage take-up, TWIST is establishing supporting activities including research, implementation support, training and education," he said.

In September, *The Treasurer* will look more closely at the payment standards developed by TWIST, and new standards being worked on by the other bodies, in its *Technical Update Xtra* section. ■

IN BRIEF

■ **Nordic Financial Systems (NFS)** (www.nfs-group.com) has repositioned its E-Deal Router (EDR) – initially developed for foreign exchange (FX) execution – as a solution to help treasuries with IAS 39 compliance. NFS claims that EDR acts as a middleware tool, facilitating straight-through processing (STP) of hedge transactions. Its 'intelligent order routing' functionality enables treasurers to send hedges directly from their treasury management solutions (TMS) to an FX portal or directly to a bank, removing the need for manual entry and eradicating operational risk. Confirmation is sent back from the bank via EDR to the TMS. IAS 39 requires treasuries to execute all their hedges with a bank – a demand that will significantly increase the number of transactions to be performed, and increase workloads. "Increased use of technology is imperative if treasury operations are to comply with the complexities of IAS 39 without exposing themselves to increasing levels of operational risk," said Magnus Lind, CEO at Nordic Financial Systems.

■ **JPMorgan** has launched a Corporate Administration service in Dublin for organisations setting up special purpose vehicles for securitisation transactions. The service will help set up the special legal entities required to facilitate the arrangement of structured finance transactions such as conduits, collateralised debt obligations (CDOs), asset-backed securities and repackagings. "Ireland is a rapidly growing jurisdiction in Europe for securitisation activity," said James Maitland, EMEA Global Debt Business Executive at JPMorgan International Trust Services. "We launched listing services for the Irish Stock Exchange and with the growth opportunities in the structured finance marketplace, it made sense to expand our service." The administration services on offer include liaison with auditors and arrangement of appropriate filing of financial statements; acting as company secretary, maintaining statutory books and records; facilitating board meetings; and provision of bank account services.

Poncet is new EACT Chairman



PIERRE PONCET

Pierre Poncet, previously Chief Executive of the French Association of Corporate Treasurers (AFTE), has been appointed Chairman of the Euro-Association of Corporate Treasurers (EACT).

Poncet's career includes several years as Director of Treasury for drugs company Ciba, and, prior to Ciba's merger with Sandoz in 1996, as Credit Manager.

He joined AFTE in 1980 and has held many positions on its Administrative Council, including responsibility for AFTE's magazine *Lettre du Trésorier* for 11 years.

"After two exciting years, I am pleased to hand over the responsibility of our young and successful association to Pierre," said François Masquelier, EACT Honorary Chairman. ■

FORTHCOMING EVENTS

REGIONAL GROUPS

Midlands Group: Annual Summer Cocktail Party sponsored by Commerzbank

Date of event: 15 July 2004

Location: Edgbaston Golf Club, Birmingham

Contact: jmessore@treasurers.co.uk

For more information please see our website:

<http://www.treasurers.org/membership/rgoevents.cfm>

For more information, contact Anna McGee

amcgee@treasurers.co.uk

020 7213 0719. Or visit our website at

www.treasurers.org/membership/rgoevents.cfm

On the move...



■ **Peter Brookes AMCT**, previously Manager of Accounting Services, BP Exploration (Caspian Sea), has joined Cairn Energy India Pty Limited and has been appointed Head of Finance.



■ AMEC, the international project management and services group, has appointed **Joe O'Neill** as Group Treasurer, reporting to Finance Director Stuart Siddall. He joined the company in July from Cable & Wireless plc where he was Group Treasurer. He takes over from David Tilston, who has been Acting Group Treasurer for the last six months.

■ **Adam Machin MCT** has been appointed Assistant Treasurer at British Telecommunications. He was formerly Treasury Manager.

■ **Blanaid Mason AMCT**, previously Treasury and Companies Accountant at the University of Sussex, has joined Fifth Element Business Solutions Ltd as Finance and Business Manager.

■ **Michelle Mitchell** has joined Misys plc as Assistant Treasurer. She previously worked as Group Treasury Manager at the Caudwell Group.



■ **Arun Sarwal MCT, FCA** has joined Scottish Widows Investment Partnership as Chief Operating Officer. He was previously one of the founders of Kurtosys Systems, Global Head of Strategic Development – Private Clients & Asset Management at ABN AMRO and Managing Director, Corporate Development, Global Equities at Société Générale.



■ **Oliver Schtick MCT**, previously Head of Corporate Finance & Treasury at DHL Worldwide Express, has set up his own company – MFOR Ltd – offering training for corporate bankers, pension advisory services and structured finance assistance.

■ **Susan Sharrock Yates MCT** has joined Aviva as Deputy Group Treasurer. She previously worked for EMAP plc as Acting Director of Treasury.

MEMBERS' DIRECTORY

Members' contact details are regularly updated on the ACT's directory at www.treasurers.org.

UK firms weak when testing for resilience

Companies too reliant on insurers, says report

UK companies should seek to measure their resilience to adverse events by computer modelling their operational risks; only then will they be able to get the most favourable insurance terms for their property and business interruption cover.

These were two of the key findings of a recent survey of 50 of the UK's largest companies into their attitudes to business resilience by Zurich London, which also revealed that only five of the respondents could score their perceived resilience as high as nine out of 10. Moreover, as much as 20% of the sample rated their resilience at six out of 10 or lower. As a result, they cannot dispense with business interruption insurance – although many believe it is costing them far too dearly.

"Few businesses believe they are resilient enough to dispense with business interruption insurance," said Mark Platten, Head of Property Underwriting for Zurich London. "However, most believe they have some degree of resilience that should be factored into insurers' assessment of their business interruption skills. The key is producing strong data to back up these beliefs."

The survey also revealed 76% of companies consider supply chain management and dependence on third parties as the most significant factors influencing their resilience. This is followed

by well-tested business continuity plans, flexibility and interchangeability of processes.

Two thirds of the risk managers interviewed said spending on business continuity had risen over the last three years. Nine out of 10 attributed this to perception of this being 'good business practice.' However, only 5% of those surveyed currently employ a full-time business continuity specialist, despite the emphasis placed on business continuity planning as a major factor in measuring business resilience.

At the same time, only a minority of the sample said they were involved in the end-to-end production and testing and implementation of business continuity plans. The majority of risk managers take an overseer role, ensuring that the business has an adequate continuity plan.

"Companies are increasingly turning to computer modelling of their operational risks to highlight concentrations and to demonstrate their resilience," said Malcolm Stokes, Head of Strategic Risk Services for Zurich London. "Compliance with published standards such as PAS 56:2003 (*Guide to Business Continuity Management*) does not necessarily prove that a business is truly resilient. Expert judgement will remain the insurers' first choice for assessing resilience." ■

PwC launches tax risk guide

PricewaterhouseCoopers (PwC) has launched a 'Tax Risk Management' guide in response to increased awareness that tax risk management and good internal controls are vital to global business continuity. The guide is aimed at tax directors and their teams, CFOs, audit committees, chief risk officers and others employed in the internal audit functions.

The guide provides analysis of the various types of tax risk and sets an internal framework to manage them and discusses issues that a company must consider when deciding its tax policies and its approach to tax risk management. It also provides specific tools and techniques that can be used.

"This guide pulls together the current thinking on tax risk management," said Tony Elgood, UK Tax Partner at PwC, co-author of the publication with Ian Paroissien, Tax Partner at PwC in Australia, and Larry Quimby, US Tax Partner at PwC.

"Stakeholders must be comfortable that there is a tax risk management policy in their organisation," added Elgood. "It is becoming increasingly important that tax, as one of the key costs in business, is being properly managed and the inherent risks in the tax position of the organisation are being both understood and properly controlled."

For further information, please contact Tony Elgood: anthony.b.elgood@uk.pwc.com. ■