

Risk responsibilities broaden

An increasingly volatile environment of natural disasters and global terrorism is leading to a widening of treasurers' responsibilities in risk, treasurers heard at the ACT annual conference, The Treasurers' Conference, in May.

Ken MacDonald, CEO at IRMG, an Aon company, told delegates: "The last four years has been a very volatile environment. It's what we call the perfect storm. We see this volatility leading to a trend in which treasurers take over broader risk responsibilities."

Outlining the greatest risks he faced, Charles Coase, Group Treasurer at Diageo, the world's largest drinks company, highlighted pensions as

one of the biggest risks he had to contend with over the coming years.

A quick straw poll of the delegates revealed that the majority considered their pension fund a "significant" risk as well. About 35% of delegates cited it as one of their top five risks at present.

Of the potential options to tackle pension fund deficits, which now have to be revealed under national and international accounting rules, reallocation of funds into bonds and hedging appear the most popular, with over 30% of treasurers saying they are using both practices to address their fund deficits.

Jane Sutton, Group Risk Manager of British

Airways, emphasised the need to ensure that risk management was driven from the top down by the board and audit committee and communicated consistently throughout the company.

With a £1.4 billion deficit in pensions, she said the pensions fund risk was a prime target on her radar. Sutton's mantra, which she said should be adopted by all treasurers, was "communicate, reiterate and educate". "Make sure you know how many lifeboats there are," she said, alluding to the Titanic disaster.

"Risk can come from anywhere. Make it a way of life," concluded MacDonald.

See **The Treasurers' Conference Report p 39** ■

China enters world market currency trading

China Foreign Exchange Trade System (CFETS), a subsidiary of the People's Bank of China, has launched a new foreign exchange dealing system with technology from Reuters, the UK information provider.

CFETS is the only organisation licensed to trade foreign exchange in China. CFETS member banks will benefit from a real-time, internet-based foreign exchange portal, improving the growth of FX trading in China.

Foreign currency traders will be able to deal in eight more currency pairs – the US dollar against the Euro, Yen, Hong Kong dollar, Sterling, Swiss franc, Australian dollar and Canadian

dollar, plus the Euro versus the Yen.

The FX prices are provided by global institutions such as ABN AMRO, Bank of China, Bank of Montreal, Citibank, Deutsche Bank, HSBC, ICBC, ING and the Royal Bank of Scotland.

The portal is based on a customised version of Reuters Electronic Trading (RET) platform and is used in its data centre in Shanghai.

David Reid, Chairman of Tesco, which has gone from number three supermarket in the UK to the third largest in the world, said at the ACT's annual conference that China would be key to the supermarket's future growth prospects. ■



China Foreign Exchange Trade System: crossing the foreign exchange wall in China

Treasurers remain unaffected by Northgate finance consolidation

Treasurers at Northgate Information Solutions may be required to move over to the business's new finance centre following the company's £150m acquisition of outsourcing specialist Sx3.

In what is a fast-growing trend at corporates, Northgate will integrate the two companies' finance departments to avoid duplication and reduce costs. A spokeswoman for Northgate said: "There will be a review of the finance department. No decision has been made yet."

Several corporates are now looking at integrating more skilled jobs, such as treasury, into finance service centres, say experts, to curb high staff turnover. It is unclear how many redundancies there will be at Northgate, but it is understood that the overlap between the two businesses will result in some job cuts in finance. Northgate's finance department currently employs roughly 70 staff.

The acquisition, finalised in April, will lead to the company implementing a new standardised finance and accounting system across the group.

Treasurers at AXA UK, which is also consolidating the finance divisions of its four UK subsidiaries into one centre, are remaining outside the new finance hub. A company spokesman said there were no plans to bring the treasury department into the financial service centre that was set up last year.

Diageo, which is gradually building up a centralised finance hub in Budapest, said the centralisation would not affect treasury staff. A spokeswoman said the finance centre is mainly focused on back office transactional work. ■

On the move...

■ **Simon Atter** AMCT has been appointed as Finance Manager with the Bank of Ireland Media Team. He was previously a Corporate Credit Manager with the Barclays Bank PFI Team.

■ **Lakhvinder Bhatti** AMCT has joined Cadbury Trebor Bassett as Treasury Manager. He joins them from Prime Focus Regeneration Group where he was Senior Treasury Manager.

■ **John Fulton** (International Affiliate), formerly Group Treasurer at Coca-Cola HBC, has been appointed Group Treasury Director at Cadbury Schweppes plc.

■ **Lyndon Griffiths** AMCT has joined SELEX Sensors and Airborne Systems Limited as Treasurer. Previously he was Group Treasurer at AMS Ltd.

■ **Joanna Hiatt** AMCT, who was Senior Treasury

Analyst at InterContinental Hotels Group plc, has now moved to Capital One Bank as Treasury Operations Manager.

■ **Timothy Hall** AMCT has joined The Royal Bank of Scotland as Director – Multinational Corporates, where he will be covering oil and gas clients. Previously he worked for ABN AMRO Bank NV as Director – Integrated Energy.

■ **Troy Hicks** AMCT has been appointed Product Manager at ANZ Bank. Previously he was Forecasting Manager at Fonterra Co-Operative Group.

■ **Charlie Houston** AMCT has joined Bank of Scotland as an Associate Director in the Project Finance team, following four years at KPMG Corporate Finance. He will be working on Oil & Gas and Power transactions.

■ **Ian Sandles** AMCT has joined Lehman Brothers as Director, Taxation – Europe. He was Assistant Taxation Director at Barclays Capital.

■ **Paul Shaftoe** AMCT, formerly Treasury Manager at Intel Corporation (UK) Ltd, has been appointed Director at HBOS Treasury Services, responsible for South West England and South Wales.

■ **Merko Tigelaar** MCT has established his own interim management company Stormrots BV, that specialises in public and private sales processes. He previously worked as Corporate Treasurer and Divisional Chief Financial Officer at Royal KPN.

MEMBERS' DIRECTORY:

Members' contact details are updated regularly on: www.treasurers.org Email your changes to Anna McGee: amcgee@treasurers.co.uk

CAREERS:

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

Forthcoming regional events

7 June 2005: London

Title: *Treasury during a major acquisition.*

Speaker: Tim Owen, Member of ACT Council

Venue: SAB Miller plc, 1 Stanhope Gate, London, W1A 1AF (Mayfair off Park Lane)

Time: 6.00pm

Host: Paul Phillips, Deputy Treasurer, SAB Miller

For further information email Terry Bird

tbird@treasurers.co.uk

16 June 2005: Yorkshire & Humberside

Title: *Tax implications of International Accounting Standards and other recent legislative changes of interest to the Treasurer.*

Speaker: Iain Hill, Director, Tax, PwC Global

Venue: PricewaterhouseCoopers, Benson House, 33 Wellington Street, Leeds, LS1 4JP

Time: 6.00pm

For further information e-mail Graham Bond

gbond@treasurers.co.uk

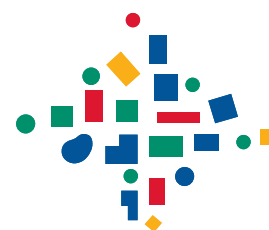
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Events

The ACT 2005 Pensions Conference

Managing pensions' risks: what are the solutions?

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29 June 2005

ABN AMRO, 250 Bishopsgate, London

The ACT Bank Funding Conference

Sponsored by Lloyds TSB Corporate Bank

5 July 2005

Painters' Hall, 9 Little Trinity Lane, London

The ACT and BBA Annual Foreign Exchange Seminar

Sponsored by Barclays Capital

14 July 2005

Pinners Hall, 105-108 Old Broad Street, London

Training

Importance of Currency Risk Management – 21 June

Treasury Management for International Groups – Key Issues – 7 September

The Nuts and Bolts of Cash Management – 20 September

Advanced Negotiation Skills for the Senior Treasurer – 27 - 29 September

For more information please check our website www.treasurers.org or contact Makayla Rahman, mrahman@treasurers.co.uk

marketwatch NEWS

SEC paves way for US adoption of IFRS

The Securities and Exchange Commission (SEC) has told European Commissioner Charlie McCreevy the US regulator plans to eliminate reconciliation for foreign companies with a US listing by 2009.

SEC Chairman William Donaldson and other SEC officials met with McCreevy to discuss how the US plans to get rid of accounting differences between US GAAP and international financial reporting standards (IFRS), which all of Europe's 8,000 publicly listed companies adopted on 1 January 2005.

The move by the SEC is part of a broad effort to ease US regulatory requirements on foreign issuers in the US, such as corporate governance rules under the Sarbanes-Oxley Act.

Donaldson said: "The ultimate success of IFRS will depend on many parties – including companies, auditors, standard-setters and regulators, but I am glad that all parties are taking on the challenge. We need the contributions of all of them to reach the goal."

The Chairman also discussed the SEC's ongoing work to examine the issue of deregistration by foreign private issuers. A number of high profile British companies, such as ITV and mm02, this year delisted from US stock exchanges because of the "excessive regulatory burden".

Donaldson said he would try to find a way of preserving investor protection without inappropriately designing the US market "as one without an exit".

IFRS aim to improve comparability between industry sectors across the world, reduce workloads and costs, as there will be no need to reconcile financial accounts as well as lowering the cost of capital for corporates.

US convergence with IFRS is set to accelerate in June as the International Accounting Standards Board (IASB) jointly issues proposals on the second phase of its business combinations rules with the US Financial Accounting Standards Board (FASB).

The move is widely seen as a test case in looking at how the IASB and FASB will reconcile the different responses they receive from the public consultation. ■

IN BRIEF

■ Online trading platform launched

AIM Global, the international arm of US-based AIM Investments, has launched its online trading platform, AIM LINK.

A specialist internet-based platform with multiple-connectivity, AIM LINK allows real-time trading and performance retrieval. Developed by AIM Investments, the platform has been in use for over eight years by clients invested in AIM's US institutional money market funds. It has now expanded to include both Sterling and Euro transactions for the company's Dublin-based money market funds.

■ Order-to-pay service extend

JPMorgan is set to extend its order-to-pay service into Europe.

The service goes beyond electronic invoice presentment and payment (EIPP), which only dealt with a fraction of the business transaction process. JPMorgan clients that receive invoices from suppliers electronically can now match their payment orders automatically. It provides increased scope for cost efficiency across the business transaction process for all parties in the supply chain. JPMorgan estimates a return on investment within 6 to 12 months.