

COMETH THE HOUR

IN THESE DIFFICULT TIMES, TREASURERS SHOULD GRASP OPPORTUNITIES TO ADVANCE THEIR CAREERS AND PROFESSION. **SHEELAGH KILLEN** REVIEWS SOME OF THE OPINION FROM THIS YEAR'S UKT.



The time has come for treasurers to step up to the plate. In a new world where the financial professions are in the spotlight, the opportunity is there for treasurers to take on new challenges and responsibilities, including those in the Boardroom. This was the theme of the keynote address by Ronan Dunne, Head of Finance at mmO², to corporate treasurers attending the UK Treasurers' Conference (UKT) held by The Association of Corporate Treasurers (ACT) in association with EuroFinance Conferences in Brighton from 29 April to 1 May.

ROOM ON BOARD. Dunne saw the increased level of scrutiny on financial management at senior level not as a signal for treasurers to batten down the hatches on their functional area but as a clarion call to demonstrate how the treasurer's skills can add real value to the executive process. This value added would not only be centred around the treasurer's core strengths in financial risk management but also in addressing emerging areas of the profession such as pensions risk management and corporate governance. According to Dunne, whilst the treasurer's traditional route to the Boardroom had been through the role of Finance Director, the time had now arrived to show that the treasurer could take a seat at the table in his own right.

Kevin Keller, Chief Operating Officer of the US Association for Financial Professionals, also saw the treasury profession at a crossroads. He recognised that the integrity of all financial professionals had been called into question by the events surrounding Enron and other high profile

corporate collapses in the US and that treasurers, along with their colleagues in the accounting profession, now had a responsibility to reassure the public and investors of their high standards of behaviour and performance. **John Plender**, the influential *Financial Times* columnist, joined him in stressing the importance of restoring confidence in governance processes since so many ordinary people were gravely disenchanted with the finance professions following both instances of accounting anomalies and the perceived crisis in pensions provision. Both believed that the time was ripe for treasurers to stand up and be counted.

BRAVE NEW WORLD. The challenge for treasurers in adapting to a new financial paradigm was the central thread of the ACT's third annual UKT in association with EuroFinance and sponsored by HSBC. The range of high profile speakers who spoke on the theme of 'Reshaping treasury policies and processes in a new world' reflected the ever-increasing scope of the treasurer's toolkit and

the need for treasurers to continually apply themselves to keeping abreast of both technical and strategic developments.

Mary Keegan, Chairman of the Accounting Standards Board, presented an overview of recent developments in UK and international accounting which treasurers should continue to keep "on their radar screens". This was complemented by **Mark Morris** of Rolls Royce who looked at some of the risk management dilemmas which may now face treasurers reporting under IAS 39. It is clear that the ability to understand and manage the ongoing accounting implications of treasury activity will be an essential part of the treasurer's remit going forward. However, it is not only treasurers who must grasp the mettle in mastering financial reporting. In a review of how the credit rating agencies are responding to the post-Enron world, **Barbara Ridpath** of Standard & Poor's looked at agency initiatives to ensure that they command sufficient expertise to critically appraise the accounting policies

company's principal final salary pension schemes. Cooper's frank assessment of some of the pension risk dilemmas facing both trustees and treasurers was accented by **Tony Cunningham** of Lane Clark & Peacock. He pointed out that closure of a defined benefit scheme to new members may actually increase a company's exposure to fluctuations in the valuation of pension assets and liabilities in the medium term due to changing member profiles in the period following closure. The treasurer should also consider the wider implications of transferring investment risk decisions to individual employees under defined contribution schemes.

HEALTH & EFFICIENCY. Yet whilst treasurers in 2003 may be breaking new ground for the profession, there is still a need for



and practices of the companies they rate. The bolstering of in-house accounting teams is just one of the ways that agencies are working to restore full confidence in the ratings process.

Echoing the themes of the recent ACT Ratings Conference (see p22), several speakers underlined the fact that the management of relationships with debt investors through varying economic climates and corporate activities should also be a key component of the modern treasurer's portfolio. **Adrian Coats**, Director of Treasury at Scottish Power, looked at the importance of setting and managing a target credit rating and maintaining a productive dialogue with a company's retained rating agency. **Aengus McMahon** of Henderson reflected on the fixed income investors increasing demands for more detailed disclosure, whilst **Olivier Brissaud** of Volkswagen and the ACT's **John Grout** set out their views on how corporate lending relationships are likely to be affected by ratings-based elements of the Basel II Accord.

NEW GROUND. The expansion of the treasurer's influence beyond the traditional parameters of financial risk management was brought out by **Malcolm Cooper**, Group Treasurer of National Grid Transco, who outlined his responsibilities as trustee of a one of his

treasury to demonstrate that it can deliver high levels of efficiency in delivering core functions such as cash and bank relationship management, optimising capital structure and ensuring liquidity. **Ronan Dunne** noted that fresh heights for treasurers can only be reached

from the platform of strength in the basics. Indeed, HSBC economist, **Mark-Berrisford Smith** believed that the economic environment of low interest rates and marginal global growth could only drive an enduring focus on increased productivity at all levels of a business. This will include the treasury function which will need to deliver high value business support at increasingly competitive cost. This was the focus of the third day of the conference which looked at the latest developments in treasury operations including straight-through-processing advancements, cash concentration, treasury organisational structures, payments and cash forecasting. It is also the theme of this month's Spotlight in *The Treasurer* which looks at minimising cost and maximising value in treasury (p29).

The ACT would like to extend its thanks to all speakers, sponsors, exhibitors and delegates for their valued support for UKT.