Taxman stands firm on iXBRL deadline

Calls by the major accountancy institutes for HM Revenue and Customs to allow companies more time to adopt a new computer language for submitting accounts have been rejected.

From 1 April HMRC requires all corporation tax filings to use inline extensible business reporting language (iXBRL). Penalties will be imposed for sending accounts or computations on paper or as a PDF attachment to an online return.

The institutes had appealed for the deadline to be put back until the autumn. In a letter to David Gauke, exchequer secretary to HM Treasury, they argued that small businesses would be hardest hit by the additional costs and that management time would be diverted away from customers and growth to deal with red tape and compliance.

Gauke said his objective was "the smooth introduction of mandatory online filing of CT returns in iXBRL format from 1 April 2011". He added: "It seems to me that there will never be a perfect time to mandate filing in iXBRL. There will always be implementation challenges, and HMRC's challenge here is to work through them in collaboration with the representative bodies."

However, Gauke promised that until April 2013 companies that had a "reasonable excuse" for mistakes made in their corporation tax filing would not be penalised.

HMRC is to issue guidance on what constitutes reasonable excuse. ■

Accolades for Awards winners

The latest set of Deals of the Year Awards winners once again reflect outstanding achievements that result from hard work and dedication, the ACT's chief executive Stuart Siddall has said.

"There is a lot going on in the treasury space and while 2010 was a better year than many predicted, the challenging financial context in which these Awards have been achieved serves only to underline their high standard of professionalism," he added.

Diana Brightmore-Armour, chief executive of corporate banking and co-head of corporate markets for Lloyds Banking, said Lloyds was delighted once again to support the prestigious Awards "which recognise the fantastic work of treasurers and their banking partners in these challenging times. Each of the treasury teams being honoured has exhibited exceptional skill and credibility. We salute them for their success and congratulate all the winners and runners-up." ■

See page 18 for pictures of the Awards ceremony.

Green light for Uniq debt for equity plan

The Pensions Regulator has cleared a so-called deficit for equity proposal by chilled convenience foods group Uniq to plug a £400m deficit in its pension scheme.

The plan involves the group transferring 90.2% of its equity and making a one-off contribution of £14m to the pension scheme. In return the scheme trustees will no longer pursue their claim against Uniq on behalf of 21,000 retired employees.

The group hopes that its depressed share price will now rally, while the trustees ultimately plan to sell the 90.2% stake to outside investors. They will use the proceeds to purchase an insurance policy for paying Uniq pensioners. The deal follows an earlier solution to eliminate the pensions shortfall over a period of 50 years, which was rejected by the Pensions Regulator.

According to consulting actuary Punter Southall, the revised deal represents "the best outcome that can be achieved for the various stakeholders" and prevents Uniq becoming insolvent.

However, it also raises questions as to what will happen to the majority stake given to the pension scheme and how quickly it will be sold, and whether it was the best solution for scheme members or simply a way to prevent the scheme ending up in the "rescue lifeboat" of the Pension Protection Fund.

Punter Southall suggested "the transaction demonstrates the Pensions Regulator's willingness to be pragmatic".

Business ethics review of the year

The Institute of Business Ethics (IBE), which each year analyses the findings of selected surveys on business ethics issues that have been carried out and published over the preceding 12 months, has issued its Business Ethics Briefing for 2011.

The briefing offers a useful summary for anyone interested in ethical issues.

The latest edition includes PwC's Tone From The Top survey, the Edelman Trust Barometer, and research findings on fraud from both Ernst & Young and KPMG.

The briefing can be accessed via the News section of IBE's website at **www.ibe.org.uk**

Treasurers ramp up cash visibility targets

Many treasury departments are actively working to improve their cash visibility, according to a survey by software provider IT2 Treasury Solutions.

According to its research, the estimated level of visibility of cash as a percentage of total cash in the organisation is typically 78% at present. However, treasurers working to improve the level will increase that percentage to 91% over the next three years.

Grant: above 90% is achievable

Asked what means they would utilise to improve cash visibility, the treasury departments surveyed gave as their top priorities timely and accurate cash forecasting (68%), rationalising bank accounts and/or communication (58%), and improving cash position reporting (58%).

"There may not be an economic case for going for 100% visibility, but there is a growing consensus that a figure of above 90% is valuable – and achievable," said IT2 chief executive Kevin Grant.

Treasurers were also asked whether they were planning to adopt electronic bank account management (eBAM); 18% responded that they would implement eBAM within the next three years and 12% said they were planning to follow at a later date.

Grant said that he was surprised by the relatively low number of treasurers who were intending to adopt eBAM. "Its primary benefit is to decrease operational risk by accelerating, streamlining and securing the bank account administrative process," he said. ■

IMMFA funds give the money markets a boost

Triple-A rated money market funds have enhanced the money markets, according to a paper jointly produced by the Institutional Money Market Funds Association (IMMFA) and PwC Luxembourg.

The report, The Contribution of IMMFA Funds to the Money Markets, found that IMMFA funds were behind significant growth in the commercial paper (CP) market.

Le Coz: a major contribution

As of last June they accounted for more than 16% of the outstanding euro-denominated CP (€33bn), 5% of outstanding dollar-denominated CP (€35bn) and €37bn of sterling-denominated CP.

IMMFA funds had also assisted the growth of the market for certificates of deposit, said the report. In the five years to June 2010 their market share of outstanding euro-denominated certificates of deposit had more than quadrupled to 8%, or €29bn, and they had almost doubled their market share in dollar-denominated certificates of deposit to 6% (€62bn), despite the substantial growth of both markets over the period.

"By purchasing short-term debt, deposits and Treasury bills, IMMFA funds provide key funding for companies, governments and households on a daily basis," said IMMFA chief executive Gail Le Coz. "These funds make a major contribution to the money markets and therefore to the European and American economies." ■

IMF throws its weight behind world currency

The International Monetary Fund has lent its support to calls for a world currency to be developed. In a speech last month, IMF managing director Dominique Strauss-Kahn said a world currency would protect against future financial instability.

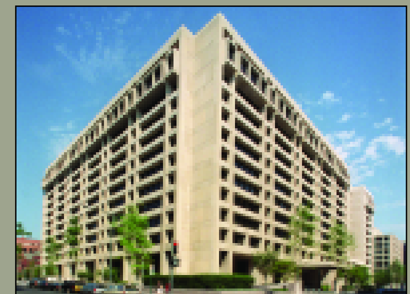
"When we worry about the deficiencies of the international monetary system, we are mostly worrying about volatility," Strauss-Kahn said, adding that many people felt that "money sometimes flows around the globe in too volatile a fashion and countries need a more stable, more predictable external environment in order to prosper".

Such stability might be achieved by adding emerging market currencies to an IMF-administered basket of currencies.

In response, the non-profit WDX Institute suggested that its world currency unit (wocu) was a "currency stabilising" financial product that offered an off-the-shelf solution to the global imbalances of large and volatile capital flows, exchange rate pressures and growing excess reserves identified by the IMF chief as "sowing the seeds of the next crisis".

The wocu is promoted as an "elegantly weighted" currency basket that encompasses the exchange rates of the currencies for the world's 20 largest economies as measured by GDP. Its exchange rate reflects market rates and naturally adapts to and balances out economic growth over time across the various national economies. WDX said that the wocu's low volatility with local currencies contrasted with that of the US dollar, and offered "huge commercial advantages".

■ Articles published by the ACT on the wocu include Cash Management Supplement Winter 2009 page 14 and Middle East Supplement June 2010 page 16.


Challenging the dollar: IMF HQ, Washington

Corporates drag feet on sustainability

Corporate reporting on sustainability goals and practices remains limited, according to an Economist Intelligence Unit survey.

Based on responses from 284 senior executives worldwide, it found that only 18% of firms surveyed published their targets and performance in meeting environmental, social and governance sustainability goals on an annual basis.

The research, sponsored by European utility group Enel, found that four out of 10 executives did not publish information on their company's sustainability practices and had no plans to do so.

More encouragingly, the survey found that companies in developing countries had a much greater willingness to make public their sustainability goals than those in fully industrialised countries.

The full report is available free of charge at **www.eiu.com/sponsor/enel/sustainable_future**

ACT survey looks to cutting-edge qualifications

The ACT has launched a survey designed to ensure that its professional qualifications remain relevant to the changing needs of treasury, risk and corporate finance professionals.

The survey seeks the views of treasurers and other finance professionals on the role that qualifications from the ACT and other treasury and finance play in their organisation, in the development of their teams, and the broader financial community.

The survey takes only a few minutes to complete, and is enclosed in this month's magazine. It can also be completed online at **www.treasurers.org/qualifications/survey**.

For every survey completed before 31 March 2011, the ACT will donate £5 to its nominated charity.

Anglo-Irish meeting tackles corporate funding

The ACT regional group in Ireland, in conjunction with the Irish Association of Corporate Treasurers, has hosted a joint members meeting on the theme of the funding environment for companies in Ireland and the UK.

Left to right: Brendan Glynn, John Moclair, Gerry Tallon, Paul Stapleton and Will Spinney

The Irish perspective was provided by Paul Stapleton and Gerry Tallon, group treasurer and funding manager respectively of ESB, a utility with electricity generation, networks and supply businesses. They detailed their experiences of undertaking ESB's successful €2.5bn financing drive in 2010.

ACT technical officer Will Spinney presented a UK perspective on funding, as well as covering the broader treasurer issues facing FTSE 250 companies.

More than 100 ACT/IACT members attended the meeting. IACT president Brendan Glynn closed the meeting, commenting that the format of combining the experience of Irish-based treasurers and UK-based ACT members worked very well and added value to the Irish-based members of both associations. ■

Risk boilerplate lambasted

The directors of some UK companies are not complying fully with the legal requirement to identify and disclose the risks that face their businesses, says the Financial Reporting Council (FRC).

The regulator's Financial Reporting Review Panel complained that some directors' reports did not clearly identify which risks and uncertainties were seen as the principal ones. It also criticised reports that described risk only in generic terms, that disclosed only the risk framework rather than the actual risks, and that did not explain how the company managed its risks.

"Any board should be able to describe in their accounts, simply and clearly, the principal risks and uncertainties facing the company," said Bill Knight, chairman of the panel. "Many boards do this, but too many do not. Boards that retreat behind boilerplate give the impression that they have not themselves understood the risks they face."

'Six lost years' keep pensions in deficit

Final salary pension schemes have a combined deficit of £68bn, a figure similar to what it was in 2005, despite increased pension contributions over the intervening period, says Aon Hewitt.

The group, the HR resource consulting and outsourcing unit of Aon Corporation, launched the Aon Hewitt 200 index, measuring the total deficit (or surplus) of the UK's 200 largest privately sponsored pension schemes, in March 2005. Although contributions since then have totalled more than £50bn, the schemes "have only just managed to tread water".

Aon Hewitt said: "The governance structure of UK pension schemes often does not lend itself to taking advantage of short-term market developments." Contributions have been undermined by "lacklustre" longer term investment returns and volatile financial market conditions.

"Trustees and companies will need to act more nimbly to take risk off the table as and when market opportunities and company affordability dictate, otherwise the rollercoaster ride will just continue," said the group's principal investment consultant, John Belgrove. "Looking into future, funding gains will help protect companies from another period in which their contributions are lost by unfavourable experience. Pension scheme de-risking is on every sponsor's boardroom agenda." ■