# Treasury accounts filing breaks record

Mary Keegan, Head of the Government Accountancy Service, beat all previous records last month when she filed the Treasury's full year accounts in just three months, the quickest turnaround ever and a time period on a par with leading companies in the private sector.

It was her first set of accounts since Keegan joined government a year ago. For the past year Keegan, who was the former Chairman of the Accounting Standards Board, has been working closely with Barbara Moorhouse, Director General of Finance at the Department for Constitutional Affairs, which manages Legal Aid, to push through financial management reforms begun under Sir Andrew Likierman, Keegan's predecessor. Keegan is a member of the ACT's Advisory Board and Moorhouse is a member of the ACT.

Keegan said that the achievement in filing Treasury accounts much quicker will shortly be copied by most departments in central government as her team works towards filling every board with a professional finance director by the end of 2006.

"Since last summer we've got eight new FDs in central government. We promoted from within, from local government and recruited from the private sector. That's quite a good mix; bringing in new skills and developing paths for people from within," said Keegan.

**See page 18 for profile on Mary Keegan and Barbara Moorhouse.** ■

# Charities seek help from treasurers

ACT member Brian Turner has teamed up with the National Council for Voluntary Organisations (NCVO) to encourage other treasurers to offer their professional skills on a *pro bono* basis to charities that lack individuals with finance skills.

Turner hopes to convince other treasury professionals to help relieve the shortage of business skills in the charity sector. NCVO will act as a central point for potential volunteers.

Turner has been actively involved in corporate treasury for many years, and he now runs his own treasury consultancy. His interest in charity work started when he was the treasury director of Henderson Investors, which supported a charity in the East End of London. "I was very impressed by the dedication and motivation of the people who ran the charity for the benefit of others who needed help," said Turner. "It certainly reminded me how well off I am compared to many others."

Since Turner became the treasurer of a national parenting charity based in London, it has become clear that charities lack financial and business management. "It is not onerous or particularly time consuming work," says Turner. "I dedicate a few hours each month to my charities, and it is immensely satisfying and rewarding work".

If you want to find out more or offer your skills go to **www.trusteebank.org** ■

## LETTERS

### Have standard setters lost the plot?

I write to express my concern that the accounting standard setters are becoming more and more divorced from the reality of the effects of their decisions. What planet are these people on? We accepted that IAS 37 *Provisions, contingent liabilities and contingent assets* and IAS 39 *Financial Instruments: Recognition and Measurement* could be justified as necessary evils, although many of us decried their, unintended (?) attempts to drive real economic decisions in relation to foreign exchange and interest rate hedging by their presentation in the balance sheet. The users of accounts seem to have been given a vast amount of information (at significant cost to companies) that doesn't add to the sum of understanding. And then, along comes the IAS 37 amendment and the UK equivalent FRED 39 *Amendments to FRS 12 Provisions, Contingent Liabilities and Contingent Assets*, with its poorly thought through effects on contingent liabilities, together with a change to IAS 19 *Employee benefits* with its apparently contradictory instructions regarding provisions for restructuring.

To take the IAS 37/FRS 12 point, since time immemorial we have identified that contingent liabilities, in the form of bid bonds, advance payment guarantees and performance bonds, have been given by our banks and sureties to support contracts. The nature of these instruments is to provide peace of mind to our customers and we have disclosed these instruments in the form of notes to the accounts. By their very nature, there is no expectation, at the point of issue, that they will be called by the customer. Now, we are being told to not only carry an element of this exposure on the face of the balance sheet, but to evaluate the probability of such exposure crystallising.

There is a well established methodology for provisioning. Trying to include numbers with this level of uncertainty is bound, in my view, to adversely impact the integrity of the balance sheet. The transition from disclosure to measurement of something that is, by its very nature, immeasurable with any degree of impartiality is not really going to help the readers of accounts. I would, in relation to guarantees and performance bonds, prefer that we moved to greater disclosure in the notes together with a commentary on the likelihood of the underlying commercial event occurring. Even with an adverse commercial outcome, the guarantee would not necessarily be called and therefore a negotiated outcome, which should be provided for anyway, will likely prevail.

One might ask how the probability is expected to be determined. By discussion with the auditors? By reference to historical precedence? By wet finger?

To address the IAS 19/FRS 17 point, it seems that the prudence principle has been disregarded in favour of certainty, in that termination payments, in the event of restructuring, are now to be recognised only when the individuals to whom such payments are to be made are identified and the programme has been communicated to them. If a decision is taken to commit a sum of the company's reserves to restructuring why should that decision not be reflected in the accounts by a provision? This seems to be delaying recognition while the spurious provisions in the new IAS 37 accelerate provisioning.

Have these chaps lost the plot?

**Concerned of NW1** ■

If you have a comment on this or any other topic please email **editor@treasurers.co.uk** or write to *The Treasurer* at ACT, Ocean House, 10/12 Little Trinity Lane, London, EC4V 2DJ

## IN BRIEF

■ **Pension funds** may struggle to meet their obligations to pay out death in service benefits in the event of an emergency, warn risk advisers.

Recent terrorist attacks have shown the potential loss life insurers could face. The consequence, say JLT Risk Solutions, is that insurers now typically impose a maximum event limit that will pay per policy in the event of a catastrophic event.

Andrew Davis, of JLT's Accident and Health team, said: "When joining a pension scheme an individual assumes that in the event of his or her death, dependents will be provided for as per the contract of employment. Now, any payout could be restricted and shared amongst all the claiming parties, reducing the value of that benefit to the individual."

■ **Barclays** has appointed Chris Grigg as Group Treasurer. Grigg will take up the position in October and will report into Naguib Kheraj, Group Finance Director.

Prior to his appointment at Barclays, Grigg was Head of Financial Institutions in the European Financing Group at Goldman Sachs International. Naguib Kheraj said: "We are delighted to welcome Chris Grigg to Barclays. He is a talented and experienced executive, with a strong track record of delivery in a leading global institution. Chris will bring valuable skills as we continue to grow and internationalise Barclays' earnings."

■ **Reval releases hedge product**

Reval, a provider of web-based derivative and hedge accounting solutions, has released version 5.0 of HedgeRx, marking the second release this year. Functionalities include a financial future module, enhancements to its commodities, general ledger module and an analysis package for analysing hedging strategies.

Reval says the financial futures module was a result of demand by financial institution clients who tend to hedge or trade with futures which require less capital, take up less credit exposure and have more liquidity than OTC derivatives.

■ **Thomson launches end-to-end solution**

Thomson Financial, a technology provider, has announced the launch of Thomson ONE for treasurers, an end-to-end treasury solution incorporating Treasura.

Following the acquisition of Selkirk Financial in August 2004, Thomson integrated Selkirk's web-based liquidity management solution Treasura with its Thomson ONE desktop to create a suite of solutions for treasurers.

# FSA looks at bond market transparency

The Financial Service Authority (FSA) is to look at whether there are any market failures caused by a lack of transparency in the UK and EU bond markets.

The FSA has published a discussion paper on trading transparency in the UK secondary bond market examining whether there's a need for the provision of greater pre- or post-trade price information in the bond markets. The regulator hopes to encourage debate with the result of developing an appropriate policy in the secondary bond market, particularly in advance of the European Commission's review of the topic.

**Hector Sants, FSA managing director for wholesale business**

The paper doesn't propose any new rules. Hector Sants, FSA Managing Director for wholesale business, said: "We are mindful of the importance of the bond markets to the UK, for investors, issuers and as a leading trading centre, and a key objective in undertaking this work is to ensure that the UK contributes constructively to the Commission's review of whether the scope of the MiFID transparency regime ought to be extended to the bond markets."

In April 2007 MiFID will introduce a comprehensive pan-EU transparency regime for trading on EU regulated markets. Initially this will apply only to shares but the EC is considering if the scope of these requirements should be extended to other asset classes including bonds.

The ACT will be submitting its own feedback to the FSA. If readers want to contribute comments into that process please get in touch with **modonovan@treasurers.co.uk**■

## On the move...

■ **Stephen Dines** AMCT has been appointed Senior Group Financial Accountant at QinetiQ Group plc. He was previously Group Financial Controller at Chemring Group plc.

■ **Patrick Barr** AMCT has formed Claygate Energy which advises on finance and merger and acquisition in the oil and gas sector. He was previously Director and Head of Oil & Gas at ANZ Investment Bank.

■ **Anthony Chitty** FCT has been appointed Group Treasurer and Company Secretary at Mace Ltd. Previously he was Group Treasurer.

■ **Neil Christie** AMCT, formerly an Associate Director in Barclays Capital's Credit Restructuring Advisory Group, has been appointed Senior Associate at the turnaround and restructuring specialists, Alvarez and Marsal.

■ **Graham Duncan** MCT has joined Charity Bank as Director of Lending and Development. He joins them from GD Consulting Ltd where he was Director.

■ **David Lawson** MCT, formerly Management Consultant at LTS Group Ltd, has been appointed Corporate Services Manager at Elldridge Lynch & Associates Ltd.

■ **Mark Noble** AMCT, formerly Business Manager at Thames Valley Police, has been appointed Senior Finance Manager at Centre for British Teachers.

■ **Denise Parker** AMCT, has been appointed Treasury Controller at O-I Europe Sarl based in Lausanne, Switzerland for a new O-I European Headquarters. She previously worked for United Glass Ltd as Treasury Manager.

■ **David Tilston** FCT has joined Mowlem plc as Head of Group Finance. Previously he worked for WS Atkins plc where he was Acting Finance Controller.

■ **Brian White** MCT has been appointed Group Treasurer for Resolution plc following completion of the merger of Britannic Group and Resolution Life Group.

**MEMBERS' DIRECTORY:**

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

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