ACT relaunches improved MCT

The ACT has updated the syllabus and created a new delivery mechanism for its MCT qualification. The move follows the development of the AMCT syllabus in 2005 and reflects the developing need for a flexible, practical qualification for senior finance professionals.

The MCT now boasts online delivery, flexible study content and full tutor support.

The ACT is taking advantage of modern technologies to improve course delivery and support. Scrapping the current reliance on printed manuals, the MCT Advanced Diploma will be delivered through a website which incorporates the key course components, the study guide, course resources and a communications facility.

Cooper: Revamped MCT boosts critical thinking.

Malcolm Cooper, Chairman of the ACT's Education Committee, and Group Tax and Treasury Director at National Grid, said: "The MCT Advanced Diploma enables candidates to examine critically the positives and negatives associated with business decisions to develop an informed choice."

The changes were made after consultation with employers and members and reflect the widening remit of the corporate treasurer. Enrolment is now open for the first sitting.

For more details, see Stay One Step Ahead with MCT, page 42 ■

PPF turns to risk modelling

The Pension Protection Fund (PPF) has adopted financial modelling software as part of its risk modelling strategy.

The Economic Scenario Generator developed by financial risk consultancy Barrie & Hibbert is used by international financial services organisations serving the insurance, investment, pensions and savings sectors.

The PPF will use the consultancy's Economic Scenario Generator product to model future financial claims on the fund, and to aid the management of the fund by illustrating how its financial position might develop in future.

Partha Dasgupta, PPF Chief Executive, said: "Defined benefit pensions are undergoing a period of significant change, and schemes' arrangements for dealing with risk and liability are under closer scrutiny than at any time in their history."

Dasgupta said that the Economic Scenario Generator was the right tool to help the PPF keep up with changes.

Andrew Barrie, Chief Executive at Barrie & Hibbert, said: "The questions now being asked in the defined benefit pension market are very different from those a few years ago.

"In particular, there is more focus on the size and nature of the risks created, and how they impact different stakeholders. The tools needed to answer the questions need to be appropriately sophisticated." ■

CFC ruling leaves multinationals free to move to low-tax EU states

A ruling in favour of Cadbury Schweppes could hasten the exit of companies from the UK in favour of low-tax locations.

A European Court of Justice (ECJ) ruling in favour of Cadbury Schweppes prevents the UK from raising more tax on controlled foreign corporations (CFCs).

Cadbury Schweppes, which has operations in Ireland, a country with a corporation tax rate of just 10%, brought the case to reclaim £8.6m in tax.

The ruling reflects the ECJ's view that the UK's CFC rules apply only to specific circumstances where operations are not "wholly artificial arrangements".

The case is significant. If corporates can set up in a low-tax jurisdiction, many more will want to do so.

Bill Dodwell, Tax Partner at Deloitte, said: "This is a clear decision that the UK's CFC rules go far further than they should. As long as a CFC has genuine economic activities, it should be able to benefit from the tax regime in any EU member state, regardless of the corporation tax rate there.

"What will be most interesting is how the UK reacts to this case. There is now the potential to re-assess the UK's international tax provisions to ensure the UK offers a competitive tax regime for multinationals."

Like many other countries, the UK charges tax on the UK parents of certain foreign subsidiaries, where the tax paid overseas is less than 75% of what would have been paid if the subsidiaries had been UK-resident. There are a number of exemptions from such a tax charge.

The ECJ ruled that it was not an abuse of freedom of establishment to set up a company in an EU member state which has a more favourable tax regime. The court also ruled that the UK's CFC legislation was a restriction on that freedom, although it would be justified for "wholly artificial arrangements which do not reflect economic reality".

Determining whether there are genuine economic activities in the host state should be based on objective factors such as premises, staff and equipment. The ECJ also said that a "letterbox" or "front" subsidiary would have the characteristics of a "wholly artificial arrangement".

This picks up on a recent trend in European cases, where tax avoidance is not supported by the European Court. The ECJ said the decision on whether business activities were genuine should be made by the UK courts. ■

Dodwell: UK may ease multinational tax regime.

Deals of the Year lunch sponsor

Lloyds TSB has agreed to sponsor the Deals of the Year Awards lunch, to be held on Friday 19 January 2007. The lunch will be attended by leading issuers from the previous 12 months, together with the judging panel, leading members of the ACT, and a selection of bankers involved in advising on the winning deals. Attendance will be by invitation only.

All deals must have been executed between 1 October 2005 and 31 December 2006, and can be in any currency providing the company has a UK or European listing. Matthew Hurn, Group Treasurer of DSG international and Chairman of the judging panel, said: "The deals are judged from the treasurer's perspective and should demonstrate excellence."

See Excellence in Treasury, page 23 ■

Company disclosure liability looms

Companies admitted to trading on a UK-regulated market may soon become liable to compensate investors for losses suffered directly by them through owning shares, once the companies bill completes its passage through parliament.

This move has been driven by the EU's transparency directive and will cover losses arising directly as a consequence of statements or omissions in annual or half-yearly reporting statements that were knowingly untrue or misleading and were made in bad faith or recklessly.

It represents a significant step-change in company responsibility to shareholders and in its earlier form was not supported by the ACT. However, after extensive representations, liability was limited to occasions where directors are highly culpable, with the further proviso that issuers would be liable only to persons who acquired securities and suffered loss as a result of relying on the statements at a time when it was reasonable to rely on them.

Bringing annual and half-yearly reporting disclosures into a statutory liability regime created the anomaly that other very similar information produced by companies was excluded and left in an ambiguous position.

The ACT has responded to the Treasury's recent consultation on the issues. The ACT supported extending the same sort of liability regime to information given in preliminary results statements, and to disclosures made in accordance with the FSA's disclosure rules in the context of market abuse, but with the same significant limitations as to when it would apply.

The ACT did not support the creation of the same liability regime for losses suffered by investors through making sales of investments, nor in connection with the timeliness of disclosures. In both these cases a statutory liability regime would leave issuers open to opportunistic hindsight from investors.

The courts have traditionally been reluctant to find any liability to investors and the boundaries have been less than certain, so the new liability regime will bring a degree of clarity and consistency which should encourage more informative disclosures by directors.

Indeed, it can be argued that the tests of recklessness or bad faith mean that companies will no longer have the possibility of being liable for statements made which were merely negligent. ■

On the move...

- **Caroline Bushman**, MCT, has joined Lloyd's as Treasury Operations Manager. Previously she was Assistant Group Treasurer at Innospec.
- **Christopher Corner**, MCT, previously Assistant Treasurer at GE Insurance Solutions, has been appointed Group Treasurer Designate at Capita Group.
- **Max Hamidi**, AMCT, previously Director at KPMG Iran and Dubai, has joined Vopak Middle East as Finance Director.
- **Jonathan Nicholls**, FCT, has joined Old Mutual as Group Finance Director. Previously he was Finance Director at Hanson.
- **Paul Phillips**, MCT, formerly Deputy Treasurer at SABMiller, has been appointed Group Treasurer at Easyjet Airline Company.
- **Warren Phipson**, AMCT, has joined Corus as Deputy Treasurer. Previously he was Deputy Treasurer at CP Ships.
- **Darrell Porter**, MCT, has joined Deutsche Bank as Director. Previously he was Director of Treasury Risk Management at Barclays Capital.
- **Carol Power**, AMCT, formerly Product Manager at Trema Group, has joined KPMG as Senior Manager for CIM/ICE Advisory-Treasury.
- **Gareth Rees**, AMCT, formerly Treasury Manager at Exel, has joined Marks & Spencer as Assistant Treasurer.
- **Gareth Roberts**, AMCT, previously Product Risk Controller for Energy Marketing at BHP Billiton International Metals, has been appointed Group Treasurer at Crew Gold Corporation.
- **Zhen Sun**, AMCT, previously Treasury Accountant at Cable & Wireless, has joined Dresdner Kleinwort Wasserstein as Funding Controller in the Capital Market Unit.
- **Jeremy Thomas**, AMCT, previously Director at Ernst & Young, has joined Advanced Power as Finance Director.
- **Kathryn Todd**, AMCT, previously Treasurer at DaimlerChrysler Financial Services, has been appointed Treasury Accounting Manager at Visa Europe Services.
- **Yann Umbricht**, AMCT, has been admitted to the partnership at PricewaterhouseCoopers where he leads the treasury assurance practice. Previously he was Director.
- **Paul Wilde**, MCT, has been appointed Principal, Head of UK FIG Securitisation at Bank of America. Previously he was Head of Corporate Treasury at Egg.

MEMBERS' DIRECTORY

Members' contact details are updated regularly at **www.treasurers.org**. *Email changes to Anna Corr:* **acorr@treasurers.org**

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