



ACT BREXIT POLL – 1st MONTH REVIEW

The ACT Brexit poll is now in its second month and we like to thank all of those who have participated and would encourage more of you to spend the **3 minutes it takes to complete**.

Summary

There has been broad progress in all areas of activity and it is heartening to see that almost **50% of those polled have made good progress in implementing changes** – up from 23% the month before. However there still a lot to do with increasingly little time available and we would encourage members to check out <https://www.treasurers.org/brexit> where you can:

- Review our checklist for areas to focus on and examples to consider;
- Read through the technical guidance compiled in conjunction with the CBI with input from regulators and law firms; and
- Book-mark the ACT Brexit landing page which will be continually updated with new information and resources from a range of experts.

Liquidity

It is comforting to see that more participants have undertaken stress testing of their available liquidity under a range of scenarios – though 50% have either not attempted it or have only just started. Although the risk of accelerated VAT payments has been removed, we continue to hear from members about challenges across their supply chain and it is important to consider what you would do if working capital got squeezed. We saw during the eurozone crisis of 2012 that critical suppliers were showing preference to customers that agreed to pay quickly and organisations should ensure that liquidity is not an issue when dealing with key suppliers.

Of equal comfort is that 2/3rd of those polled have checked their facility agreements and are comfortable that they are both sufficient to their needs and likely to be available if required.

Contract Continuity

The previous data suggested that only 25% of participants had created a list of affected contracts. Whilst the transitional arrangements potentially extend any deadlines for changes, it is important that organisations can quickly identify affected contracts and understand the potential areas of risk.

Currency risk management

The proportion of participants who have reviewed their currency exposures has almost doubled since the previous findings to almost 70%. This suggests that **significant work has been undertaken to assess currency risks** in the light of possible changes to customers and suppliers and in addition, risk appetites

have been re-assessed given recent and expected currency volatility. This is great news but we would encourage ongoing vigilance as the political environment becomes more complex and markets continue to behave erratically. Talking with treasurers at the recent ACT Working Capital conference, it was clear that many organisations have already begun to consider their currency risks for 2019 and how to manage them both tactically (especially around the end of March through the use of currency options) as well as across the rest of the year.

Banking arrangements

Progress on reviewing banking and cash pooling arrangements has risen though not as much as in other areas of activity. It's not clear if this is a function of how the banks themselves have approached the uncertainty or the time and effort required to set up new banking arrangements. One trend is the increasing number of corporates who have set up a bank account with a bank domiciled in the EU27 that will guarantee access to SEPA.

Treasury still fit for purpose

Over half of the respondents feel they have made the changes necessary to ensure that treasury remains fit for purpose in the light of changes in the business, and the market uncertainty. Part of this reflects the effectiveness and participation of treasury in Brexit planning teams. This is a welcome trend and reflects the broader understanding of the role of treasury in an organisation. One comment from the recent Brexit roundtable in Belfast (organised by the ACT in conjunction with its Irish counterpart – the IACT) was that boards continue to look to the treasurer for insight and confidence that the business can withstand a disruption and continue to operate effectively.

Thank you to all those that responded and please keep participating.