



## CFOs on top

Vernon Moore considers the implications of changing accounting principles for companies' senior management

▶ The Institute hosted its first CFO forum of 2006 on 11 January, with Vernon Moore, executive director of Citic Pacific Ltd. and Citic (Hong Kong) Holdings Ltd., providing a robust defence of International Financial Reporting Standards (IFRS) to an audience of over 100 leading CEOs and CFOs.

Moore claimed that while the CEO is still responsible for signing off on financial statements, the importance of the CFO role is increasing, especially in American firms where non-executive directors may dominate the board. In particular, new standards imply more trust must be placed in the CFO and company secretary. As Moore put it: "Most CEOs are businessmen and can never be expected to think in terms of the application of financial reporting standards." Nevertheless, Moore believes that in certain areas, for example in deciding on hedging accounting for cash flow or profit and loss, the decision cannot be left to the CFO alone.

Looking ahead, Moore noted: "The next few years will give us the chance to iron out some of the teething problems of IFRS, to address the cost burden and improve their understandability to the reader." Moore is a fellow of the Hong Kong Institute of CPAs and a former member of the Listing Committee of the Hong Kong Stock Exchange.

### Card sharks

▶ The Hong Kong Monetary Authority (HKMA) has warned local banks to be vigilant about credit card fraud in the wake of recent high profile breaches of security around the world. The HKMA says many banks could do a better job of monitoring processes such as outsourcing arrangements.

### Three is a crowd

▶ China Hong Kong Power Development's proposals to challenge the duopoly of CLP Power and Hong Kong Electric were unveiled this month. The company has had some interest from industrial and commercial customers, but may be denied access to distribution networks. Meanwhile, the Securities and Futures Commission (SFC) is investigating statements made by technology firm Vertex Communications and Technology, a leading shareholder in the new company. The SFC believes the statements may have been intended to manipulate the stock market, according to a report in the *South China Morning Post*.

### Turn down the volume

▶ The government has announced it will create a seven-member committee to review public service broadcasting, a move some fear will erode the independence of Radio Television Hong Kong (RTHK). The committee will look at editorial policy, programming and governance.

