

Ferguson's bittersweet legacy

SPARE a thought for Iain Ferguson when he presents Tate & Lyle's full-results tomorrow.

He already knows he is heading for the exit, a successor having been announced last week. There is bound to be a note of melancholy.

But spare a thought, too, for Tate & Lyle's shareholders.

After Ferguson appeared to have genuinely transformed the group from a boring old commodity processor into something genuinely gee-whizz, Tate & Lyle shares topped 800p in late 2006. Yet earlier this year, they dropped below 230p, their lowest since 2001.

Tate & Lyle is unloved by the stock market. With its shares at their current lowly level, the dividend - expected to be around 22½p for the year as a whole - means they yield more than 7.5pc.

And for incoming chief executive Javed Ahmed, recruited from Reckitt Benckiser, the question of whether to maintain the dividend will be very near the top of his in-tray when he arrives.

We already know that Tate's year-



COMMENT

by BEN LAURANCE

end debts were rather lower than had been feared. But nevertheless, the figure was around £1.25bn. This is a hefty lump.

And the share price suggests that investors show a surly lack of gratitude for the fat dividend - or a suspicion that it will be cut sooner or later.

Put those elements together, and Ahmed will have every excuse to trim the payout to investors.

On top of that, he is coming in as Tate's new boy - but someone who has proved himself in a company, Reckitt, that can justifiably claim to be one of the classiest consumer goods producers on the planet.

He will bring a new approach. He can argue that a fresh start is justified. And fresh starts often include the 'rebasings' (what a wonderful euphemism!) of dividends.

Certainly, Tate has had its prob-

lems. Some have been caused by factors beyond its control - commodity prices, for example.

But other problems have been self-inflicted. Ferguson's unwavering conviction in the potential of the artificial sweetener Sucralose to transform the company proved far too optimistic.

There was also the small matter of miscalculating the company's likely tax bill.

And over the past couple of years, Tate has shelled out more in dividends and share buybacks than it brought in. It geared itself up. With hindsight, that was incautious.

Tate & Lyle is a corporate curiosity. It is a company approaching a crossroads.

But until Ahmed arrives - and probably for a while after that - we can't have a clue which way it will turn.

Screen savers

GAMBLING, it seems, is the new shopping.

At least, it is in the eyes of the media regulator Ofcom, which yesterday declared that gambling on TV - where viewers are invited to place bets on roulette, virtual horse races and the like - will henceforth be treated as teleshopping.

So what?

Well, it means that gambling through your television will now be subject to the same rules as those surreal shopping shows where a man with a dodgy suntan tries to persuade viewers to buy vacuum cleaners, pieces of glitzy jewellery and the like.

Such programmes are rather like a slow and ponderous version of the Generation Game without the fun and where you, the viewer, has to pay.

The significance is this? Ofcom has now decided that the so-called public service broadcasters - ITV1, Channel 4 and Channel Five - will be allowed to show teleshopping between midnight and six in the morning.

And therefore the newly-reclassi-

fied gambling can be shown between those hours. Maybe it will help the embattled channels to grab a fraction more in revenues.

Welcome?

Well, not really. Personally, I find the explosion of opportunities to gamble - via the internet, television and multitude of different channels - distasteful in the extreme.

Poisonous, in fact. (Surely it is no coincidence that Camelot is currently experiencing a boom in selling lottery tickets. In desperate times, people do desperate things.)

But consider an extraordinary aspect of the whole TV regulation business.

Until now, gambling has been classified as just ordinary TV programming: under the rules there was no distinction between relaxing in front of Emmerdale and losing your shirt in a poker game.

In theory, it could be shown at any time of day and to all and everyone. This was recklessly stupid.

At least the new regime means there is some control over when and how gambling shows are broadcast.

Not before time.

City trader banned for life after rule breach

A FORMER Morgan Stanley trader has been fined £140,000 and banned for life from the City for breaching the rules on share dealing.

Following a Financial Services Authority probe, senior dealer Nilesh Shroff was found guilty of 'front running' customer orders seven times during 2007.

Where customers instructed Shroff to buy stocks, he bought some for Morgan Stanley first, before executing his clients' trades.

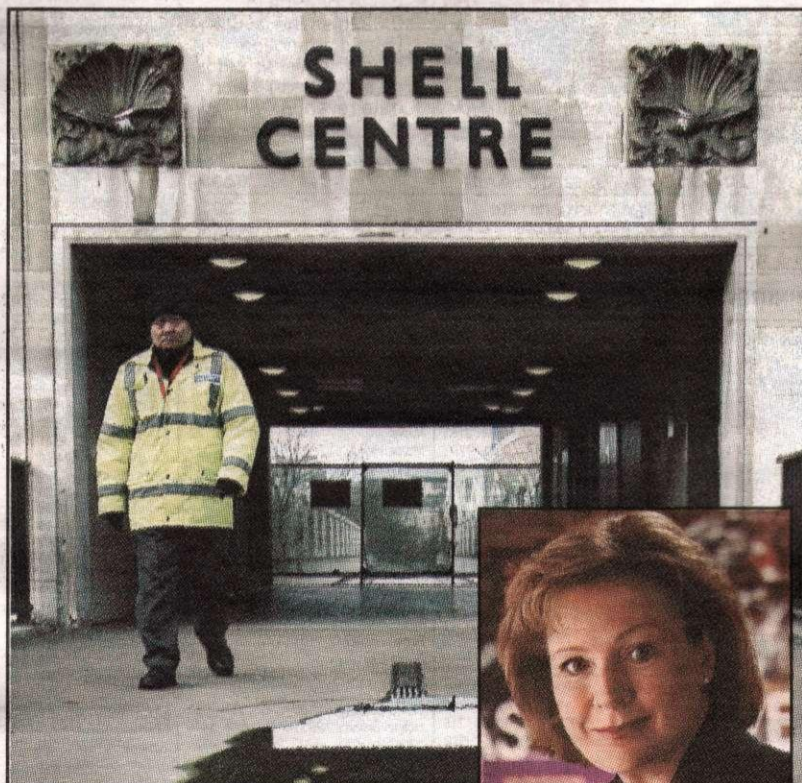
By 'front running' orders, Shroff pushed up the price for his customers and was able to book an unjustified profit for himself.

The news came just a week after a former Morgan Stanley trader was banned after making unauthorised bets on the oil futures market following a liquid lunch.

And the firm was fined £1.4m earlier this month after a senior trader tried to conceal massive losses.

A spokesman for Morgan Stanley said: 'We took immediate action to address Mr Shroff's misconduct, ultimately dismissing him.'

Shell shock as Cook is first to go in Voser cull



Going: Linda Cook will leave Shell after nearly 30 years working for the firm

A MANAGEMENT shakeup is looming at oil giant Royal Dutch Shell as anointed chief executive Peter Voser prepares to take the helm.

Shell yesterday announced the sudden departure of gas & power chief Linda Cook, who has been at the company for almost three decades.

Cook will step down from the board next week and then leave her post at end of June.

The surprise decision is thought to be a prelude to wide-ranging changes at the top, as Swiss-born Voser succeeds Jeroen van der Veer as chief executive.

It comes amid a tumultuous month for Shell, which was last week rocked by the biggest City pay revolt on record.

Cook's departure comes on the eve of a two-day meeting of the Anglo-Dutch giant's leading officers in Berlin.

Voser is expected to use the summit to announce the culling of almost a third of Shell's senior managers, according to a report on company gossip site Royaldutchshellplc.com yesterday.

The unauthorised site, which has regularly obtained leaks from Shell insiders, said Voser will also announce the merger of Shell's Gas & Power and Exploration & Production divisions at the meeting, which may help explain Cook's departure.

The firm refused to reveal the terms under which Cook is going, but by departing before 2011 she will have to forgo a 'golden handcuffs' present worth over £800,000. She is paid a basic salary of £825,413 year.

By Sam Fleming

The company said American-born Cook, the most senior woman in Shell's ranks, is leaving 'by mutual agreement after 29 years service to the company'.

Any replacement is 'the subject of a future decision,' Shell said. The shares added 16p to 1,647p.

'Peter is shaping his new team, and as you would expect for a CEO-designate, he has a say in senior management development,' said a spokesman. 'Her next plans are really a personal matter for her.'

Cook had been a possible rival to Voser for the position of chief executive. Fadel Gheit, an oil analyst at Oppenheimer in New York, said he did not want to see too wide-ranging a shake-out at the top of Shell.

'The priority with this company is to ensure continuity,' said Gheit. 'You don't want to shuffle the deck too much - you want to make an orderly transition.'

The position of Sir Peter Job, head of Shell's remuneration committee, is also under question after the unprecedented pay revolt.

Shell is also this week being forced to revisit the dark circumstances surrounding the 1995 execution of Ken Saro-Wiwa, as relatives of the Nigerian environmental activist begin a US court case. Shell has denied collaborating with Nigerian authorities in the execution of Saro-Wiwa and eight others.

Facebook offer

A RUSSIAN internet investment company is offering £125m to buy a 2pc stake in social networking web-site Facebook.

Digital Sky Technologies, which has stakes in a number of internet businesses in eastern Europe, is also offering to buy £62m of shares from existing Facebook investors.

It is the first big injection of cash into Facebook since 2007 when Microsoft bought a 1.6pc stake in the company. Facebook is reckoned to have 200m users worldwide.

The price being paid by Digital Sky Technologies implies that the whole of Facebook is worth around £6.3bn.

30 SECOND GUIDE TO ... PORSCHE GAMBLE

Wanna buy a car?

NO. This is not about a high stakes splurge on a fancy set of wheels. But German sports car producer Porsche has been taking some big punts on the shares of bigger rival Volkswagen.

How big?

Since the start of 2005, Porsche has been hoovering up VW shares. It now owns 50.8pc of the Golf and Polo group's stock - plus options over another 20pc.

And while the firm has racked up more than £7.9bn in debts by snapping up VW stock, the bet looked like it may pay off because it has also booked profits from VW options of £15.2bn since 2007.

How so?

These gains were logged after VW shares leapt from €33.35 at the start of 2005 to hit €249.45 at the end of January 2009. But under mark-to-market accounting rules, the profit could turn into a loss if the value of VW shares fell.

Why do we care?

In order to turn its paper profit on the share options into cash the sports car group might have to find around £5.2bn to exercise them.

Porsche doesn't have this sort of cash stuffed under the mattress, and it is even said that it needs £1.5bn just to stave off bankruptcy.

It could also just sell the options, but analysts think this will be a last resort for the company.

Santander settles

BANCO Santander, which channelled funds to investment adviser Bernard Madoff before his worldwide swindle was revealed, is set to pay £147.5m to settle a legal claim against one of its units.

The agreement was made for claims against Santander's Geneva-based hedge fund Optimal Investment Services, bringing to £820m the amount collected so far to distribute to Madoff's customers.

The settlement, which represents 85pc of the claim against Optimal, avoids embarrassing legal action.