



# THE KENNET & AVON CANAL TRUST

Devizes Wharf, Couch Lane, Devizes, Wiltshire SN10 1EB

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## Investment and Borrowing Policy

In line with their duties under company and charity law, and in accordance with the guidance issued by the Charity Commission, the Trustees have adopted the following policy on investment and borrowing.

### Introduction

1. This policy relates to the management by The Kennet and Avon Canal Trust ('Trust') of its cash balances, and to potential borrowing. It does not therefore relate to charitable expenditure in support of the Trust's objects. The policy is in accordance with the Trust's Articles and with charity law.
2. Although the Trust is responsible for a number of Restricted Funds it manages its cash and investments on a pooled basis.
3. The Trust's Investment Policy recognises the Reserves Policy that the Trust has adopted, given the range of its activities.
4. The Trust's policy seeks to achieve a balance between returns and liquidity.

### Policy

5. In normal circumstances, investments will only be made in notice or term accounts. Investment in shares and other types of financial instrument which involve a capital risk will not be considered at present.
6. The Trust will seek to diversify risk in respect of its cash balances by holding no more than £250,000 with any one financial institute other than its main banker, Lloyds Bank, where the target limit will be £250,000.
7. Trustees will have regard to financial projections for a five year period and its corporate risk register in making investment decisions. It will in particular take account of the following considerations:
  - the need to match the availability of funds to likely future charitable expenditure requirements; and
  - the need to have access to sufficient liquid funds to meet unexpected costs, while recognising that risks are unlikely to materialise in all areas of activity at the same time.
8. Trustees accept that putting funds in term deposit accounts will generally generate higher interest income than instant access accounts. In determining the appropriate trade-off between returns and liquidity, Trustees consider that deposits with a term or notice of up to three months will not compromise liquidity provided that balances in current and instant access savings accounts are sufficient to cover expected net expenditure for more than that period.



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9. Where commitments are only expected to arise in the medium term, funds may be put in accounts with a term or notice of up to 12 months. Deposits with a notice period of more than 12 months will not currently be allowed under this Policy.
10. The Treasurer has delegation to move funds between easy access savings accounts and the current account with Lloyds Bank to maintain sufficient funds in the current account to meet short-term commitments.
11. All other decisions about the disposition and investment of funds are to be taken by the Trust Council. However, if a term deposit has been approved by Trustees, the Treasurer has delegation to renew the term deposit on its maturity with the same financial institution provided the terms are the same or better than for the initial investment.
12. Any decision to borrow funds will be taken by the Trust Council. In normal circumstances, borrowing will only be considered if there is a reasonable prospect of sufficient additional income being generated by the project for which funds are to be borrowed to service the loan and repay it over a period not exceeding five years.
13. Establishment or renewal of an overdraft facility is a matter reserved to Trust Council.

## Review

14. The Trustees will review this policy on an annual basis.

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Date approved by the Trust Council: August 2025

Review Date: 28<sup>th</sup> Feb 2027