



**West Somerset Railway Heritage  
Trust  
Registered Charity No. 265564**



## **Cash Management and Short-Term Deposits**

### **Introduction.**

- 1) This policy relates to the cash management by the Trust, and its management of short-term deposits. It does not therefore relate to Charitable Expenditure in support of the Trust's objects.
- 2) Although the Trust is responsible for several Restricted Funds, it manages its cash and investments on a pooled basis. However, the policy set out below recognises the risks associated with different activities, and the reserves policy that has been adopted for these different activities.
- 3) The Trust's policy seeks to achieve a balance between returns and liquidity.

### **Policy.**

- 1) The Treasurer has delegation to move funds between an Instant Access Savings Account and a current account to maintain sufficient funds in the current account to meet short-term commitments (cheques issued and standing orders).
- 2) All other decisions about the disposition and investment of funds are to be taken by the Board.
- 3) 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 only be considered after seeking the views of members.
- 4) The Board will have regard to financial projections contained in the Business Plan and any interim updates to it in making investment decisions. It will 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 funds to meet unexpected costs, while recognising that risks reflected in the reserves policy are unlikely to materialise in all areas of activity at the same time.
- 5) The Board accept that putting funds in term deposit accounts will generally generate higher interest income than instant access accounts. It considers that deposits with a term or notice of up to 12 months will not unduly compromise liquidity.

- 6) Where commitments are only expected to arise in future years, 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 only be considered after seeking the views of members.
- 7) Any decision to borrow funds will be taken by the Board. 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. If this condition is not met, the Board will seek the views of members before taking a decision.

**Review.**

- 1) The Board will review this Policy on an Annual Basis.

**DOCUMENT CONTROL**

**THIS DOCUMENT IS NOT CONTROLLED ONCE PRINTED**

<b>Version No</b>	<b>Date Approved</b>	<b>Revision</b>
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0.2	August 2022	Policy Reviewed, amended and renamed. Draft for Approval
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