



**The Kite
Academy
Trust**
Flying high
together

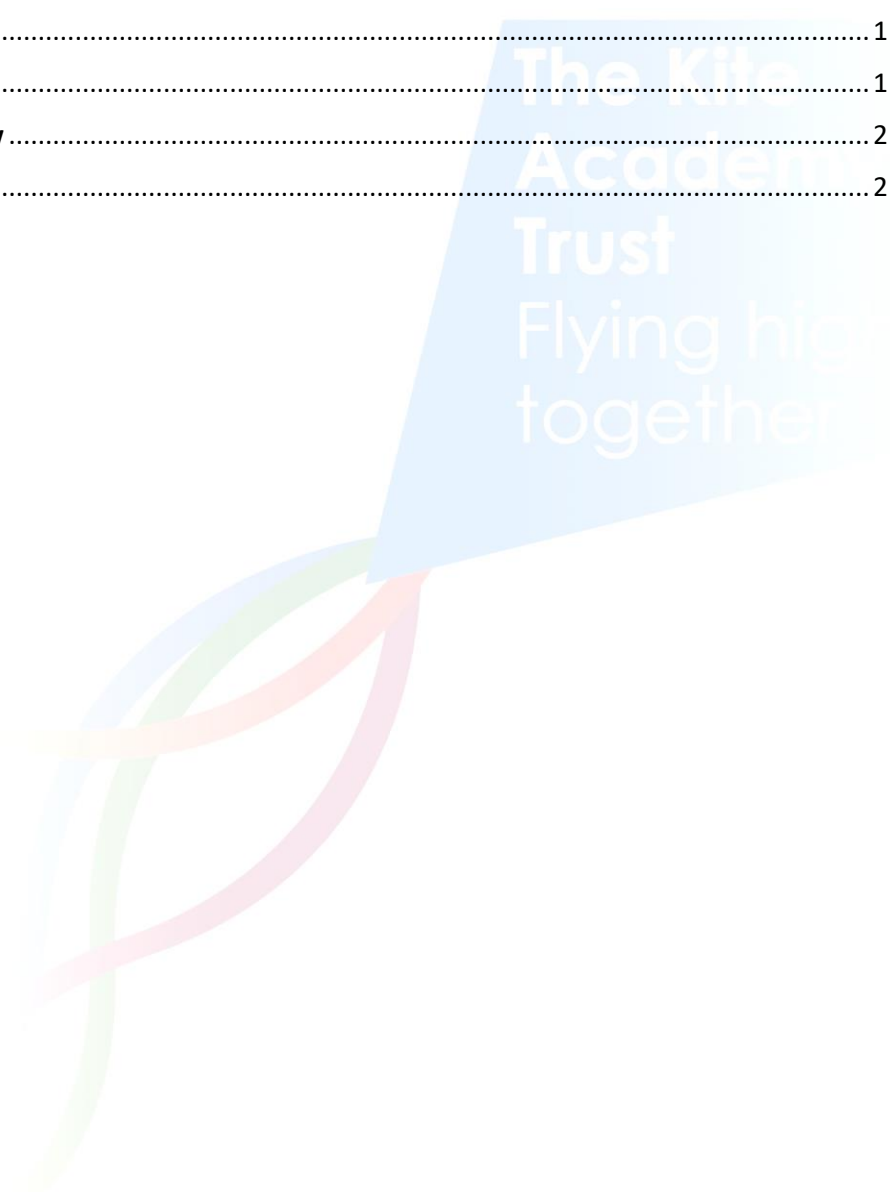
KITE ACADEMY TRUST

INVESTMENT POLICY

P1089

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1 Introduction

The purpose of the Investments Policy is to set out the processes by which the Kite Academy Trust's Board of Trustees will meet their duties under the Trust's Articles of Association and the Academy Trust Handbook issued by the ESFA to invest monies surplus to operational requirements in furtherance of the Trust's charitable aims and to ensure that investment risk is properly and prudently managed.

The Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations. In addition, the Trust aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

2 Purpose

The investment objectives are:

- To ensure adequate cash balances are maintained in the current account to cover day-to-day working capital requirements;
- Only invest funds surplus to operational need based on all financial commitments being met without the Trust's bank account becoming overdrawn;
- To ensure there is no risk of loss in the capital value of any cash funds invested;
- To protect the capital value of any invested funds against inflation;
- To optimise returns on invested funds;
- The need to have regard to social, environmental or ethical considerations.

By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Trust, commanding broad public support.

3 Investment Strategy

Investment risk will be managed through asset class selection and diversification with the aim of ensuring that security of deposits takes precedence over revenue maximisation. For selection, assets will only be considered with banking institutions which show good credit quality as assessed by the three main rating agencies (Fitch, Moody's, Standard and Poor's).

The Trust is able to invest any excess funds (over and above the required day to day funds) in the following types of investment:

- Cash Management accounts;
- Term deposit accounts or instant access deposit account;
- Accepted or endorsed bills of exchange;
- Negotiable, convertible or transferrable certificates of deposit;
- Money market funds

The Trust aims to manage the risk of default by spreading deposits across banking institutions which are authorized by the Bank of England through the Prudential Regulation Authority (PRA) (with reference to the Financial Conduct Authority (FCA)). Preferably, deposits will be selected with a maximum exposure of £5000,000 as, whilst this sum exceeds the current protection limit of £85,000 provided by the Financial Services Compensation Scheme (FSCS), it is accepted that it is not always practicable to find a sufficient number of investments of this size that meet the prudent criteria outlined in this policy.

4 Implementation

Funds can be invested as follows:

Period of time funds held on deposit:

Up to eight weeks

Over eight weeks up to 12 months

Over twelve months

Authorisation required:

Director of Finance (DOF)

Chief Executive Officer (CEO) & DOF

Chair of Board of Trustees, CEO & DOF

Decisions on how much to invest and how long to invest for, will be based on operational requirements, demonstrated by cash flow forecasts produced by the Finance, Audit & Risk Committee. The cash flow forecasts will take account of the annual budget and spending plans approved by the Board of Trustees and updated on a monthly basis.

A sufficient balance must be held in the current account so that the Trust's financial commitments can always be met without the bank account going overdrawn. The size of the balance will be determined by a forecast of future need and kept under review.

Investments for a fixed term should not normally exceed one year in order to provide flexibility for the following year's plans, unless a clear rationale is provided for exceeding one year to the benefit of the Trust.

5 Monitoring & Review

The Trust has authorised signatories, two of which are required to sign instructions to the deposit taking institution.

The Director of Finance will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to the Finance, Audit & Risk Committee at appropriate intervals, depending on the terms of the investments.

Document Management

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