AGENDA ITEM NO 13

TREASURY OPERATIONS MID YEAR REVIEW

Committee: Corporate Governance & Finance Committee

Date: 4th December 2014

Author: Accountant (Treasury Management)

[P148]

1.0 ISSUE

1.1 To provide Members with an update on the Council's current 2014/15 Treasury position.

2.0 RECOMMENDATIONS

2.1 That Members be requested to note the mid year review of the Council's treasury management for 2014/15, as set out in Appendices 1 and 2 (to 31st October 2014).

3.0 BACKGROUND

3.1 The Chartered Institute of Public Finance and Accountancy (C.I.P.F.A.) Revised Code of Practice on Treasury Management requires this Council to adopt the revised Code and fully comply with its requirements.

3.2 This report complies with the requirement for a mid year review.

3.3 The Council's 2014/15 Treasury Management Strategy is based on expected return on investments of £100,000

3.4 Bank rate has remained at 0.50% and is not anticipated to change until 2016.

3.5 The interest receipts generated on the investments to the end of October 2014 is £60,104, against an original budget of £58,333 producing an average return on investments of 0.55%. This is above the benchmark three month LIBID (London Inter-Bank Bid Rate) of 0.50%. The expected returns on investments for the year continues to be £100,000

3.6 There has been no short or long-term borrowing in 2014/15 to date.

3.7 Counterparties are usually colour rated by Capita Asset Services for the following durations:

- ✓ Yellow 5 years
- ✓ Purple 2 years

- ✓ Blue 1 year ***(only applies to nationalised / semi nationalised UK banks)***
- ✓ Orange 1 year
- ✓ Red 6 months
- ✓ Green 100 days
- ✓ White not to be used

3.8 As mentioned in the last report, the Cooperative Bank which is the Council's operational clearing bank for managing day to day transactions reported considerable losses and were downgraded by Moody's. The bank as part of their moving ahead strategy announced on the 5th of November 2013, that they will not be involved in providing banking transmission services to all local authorities.

We have since appointed The National Westminster bank (part of the RBS group) via tender as our new banking services provider with effect from the 1st of April 2015.

4.0 CONCLUSIONS

4.1 The size of the Council's investment portfolio is relatively small meaning that investment decisions have to be made primarily to accommodate cash flow requirements as opposed to optimising investment returns. Despite these pressures, opportunities for proactive investment decisions are taken where appropriate.

4.2 During 2014/15 the Council has operated within its approved treasury limits and Prudential Indicators, no changes have been made to the counterparty values of the Annual Treasury Management Strategy.

4.3 In 2015/16 no long-term borrowing are planned. Borrowing will only be undertaken short-term, for cash flow purposes if required.

4.4 As at 31st October 2014, the Council had investments of £17.7m, details of these investments are included in Appendix 2

4.5 The current investment rates on offer to the Council are:

- ✓ Fixed term deposits – 0.64% to 1.00%
- ✓ Money market deposits – 0.40%
- ✓ Notice/Deposit accounts – 0.25% to 0.60%

4.6 After strong UK GDP quarterly growth of 0.7% in Q1 and 0.9% in Q2 2014 (annual rate 3.2% in Q2), it appears very likely that strong growth will continue through 2014 and into 2015. Also encouraging has been the sharp fall in inflation (CPI), reaching 1.5% in May and July the lowest rate since 2009. Forward indications are that inflation is likely to fall further in 2014 to possibly near to 1%. First increase in Bank Rate is therefore expected in Q1 or Q2 of 2015 and expected increases after that to be at a slow pace to lower levels than prevailed before 2008, faster increase in

Bank Rate will have a much bigger effect on heavily indebted consumers than they did before 2008.

5.0 **FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT**

5.1 The cost of managing the treasury activity and the estimated income generated have not changed from the Annual Treasury Management Strategy.

5.2 An Equality Impact Assessment is not required.

6.0 **APPENDICES**

6.1 Appendix 1: Mid Year Review
Appendix 2: Current Investments

BACKGROUND DOCUMENTS	LOCATION	CONTACT OFFICER
Finance & Governance Committee 31st January 2014	Room 204 The Grange Ely	Emmanuel Orekogbe (01353) 616270 E-mail: emmanuel.orekogbe@eastcambs.gov.uk
Capita Asset Services Revised Interest Rate Forecast		
Treasury Register		

Appendix 1

Mid Year Review

1 Background

2 Introduction

3 Economic Update – Global, UK, Outlook, Interest Rate Forecast

4 Treasury Management Strategy Statement and Annual Investment Strategy Update

5 The Council's Capital Position (Prudential Indicators) – Capital expenditure, Financing, Borrowing Limits

6 Investment Portfolio

7 Borrowing

1 Background

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

> "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2 Introduction

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2011) has been adopted by this Council.

The primary requirements of the Code are as follows:

- ✓ Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- ✓ Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- ✓ Receipt by the full council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
- ✓ Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

- ✓ Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Finance and Governance Committee:

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- ✓ An economic update for the first part of the 2014/15 financial year;
- ✓ A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- ✓ The Council's capital expenditure (prudential indicators);
- ✓ A review of the Council's investment portfolio for 2014/15;
- ✓ A review of the Council's borrowing strategy for 2014/15;
- ✓ A review of any debt rescheduling undertaken during 2014/15;
- ✓ A review of compliance with Treasury and Prudential Limits for 2014/15.

3 Economic update

3.1 Economic performance to date and outlook

3.1.1 U.K.

After strong UK GDP quarterly growth of 0.7%, 0.8% and 0.7% in quarters 2, 3 and 4 respectively in 2013, (2013 annual rate 2.7%), and 0.7% in Q1 and 0.9% in Q2 2014 (annual rate 3.2% in Q2), it appears very likely that strong growth will continue through 2014 and into 2015 as forward surveys for the services and construction sectors, are very encouraging and business investment is also strongly recovering. The manufacturing sector has also been encouraging though the latest figures indicate a weakening in the future trend rate of growth. However, for this recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting, and particularly of manufactured goods, both of which need to substantially improve on their recent lacklustre performance. This overall strong growth has resulted in unemployment falling much faster through the initial threshold of 7%, set by the Monetary Policy Committee (MPC) last August, before it said it would consider any increases in Bank Rate. The MPC has, therefore, subsequently broadened its forward guidance by adopting five qualitative principles and looking at a much wider range of about eighteen indicators in order to form a view on how much slack there is in the economy and how quickly slack is being used up. The MPC is particularly concerned that the current squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of inflation in order to ensure that the recovery will be sustainable. There also needs to be a major improvement in labour productivity, which has languished at dismal levels since 2008, to support increases in pay rates. Most economic forecasters are expecting growth to peak in 2014 and then to ease off a little, though still remaining strong, in 2015 and 2016. Unemployment is therefore expected to keep on its downward trend and this is likely to eventually feed through into a return to significant increases in pay rates at some point during the next three years. However, just how much those future increases in pay rates will counteract the depressive effect of increases in Bank Rate on consumer confidence, the rate of growth in consumer expenditure and the buoyancy of the housing market, are areas that will need to be kept under regular review.

Also encouraging has been the sharp fall in inflation (CPI), reaching 1.5% in May and July, the lowest rate since 2009. Forward indications are that inflation is likely to fall further in 2014 to possibly near to 1%. Overall, markets are expecting that the MPC will be cautious in raising Bank Rate as it will want to protect heavily indebted consumers from too early an increase in Bank Rate at a time when inflationary pressures are also weak. A first increase in Bank Rate is therefore expected in Q1 or Q2 2015 and they expect increases after that to be at a slow pace to lower levels than prevailed before 2008 as increases in Bank Rate will have a much bigger effect on heavily indebted consumers than they did before 2008.

The return to strong growth has also helped lower forecasts for the increase in Government debt by £73bn over the next five years, as announced in the 2013 Autumn Statement, and by an additional £24bn, as announced in the March 2014 Budget - which also forecast a return to a significant budget surplus, (of £5bn), in 2018-19. However, monthly public sector deficit figures have disappointed so far in 2014/15.

3.1.2 **U.S.**

In September, the Federal Reserve continued with its monthly $10bn reductions in asset purchases, which started in December 2014. Asset purchases have now fallen from $85bn to $15bn and are expected to stop in October 2014, providing strong economic growth continues. First quarter GDP figures for the US were depressed by exceptionally bad winter weather, but growth rebounded very strongly in Q2 to 4.6% (annualised).

The U.S. faces similar debt problems to those of the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth, although the weak labour force participation rate remains a matter of key concern for the Federal Reserve when considering the amount of slack in the economy and monetary policy decisions.

3.1.3 Eurozone

The Eurozone is facing an increasing threat from weak or negative growth and from deflation. In September, the inflation rate fell further, to reach a low of 0.3%. However, this is an average for all EZ countries and includes some countries with negative rates of inflation. Accordingly, the ECB took some rather limited action in June to loosen monetary policy in order to promote growth. In September it took further action to cut its benchmark rate to only 0.05%, its deposit rate to -0.2% and to start a programme of purchases of corporate debt. However, it has not embarked yet on full quantitative easing (purchase of sovereign debt).
Concern in financial markets for the Eurozone subsided considerably during 2013. However, sovereign debt difficulties have not gone away and major issues could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy, (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise for some countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed.

3.2 Interest rate forecasts

	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
Bank rate	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	2.00%	2.00%
5yr PWLB rate	2.70%	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.50%
10yr PWLB rate	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%	4.20%	4.30%	4.30%
25yr PWLB rate	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.80%	4.90%	4.90%
50yr PWLB rate	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.80%	4.90%	4.90%

A review of its interest rate forecasts was undertaken in mid August, after the Bank of England's Inflation Report. By the beginning of September, a further rise in geopolitical concerns, principally over Ukraine but also over the Middle East, had caused a further flight into safe havens like gilts and depressed PWLB rates further. However, there is much volatility in rates as news ebbs and flows in negative or positive ways. This latest forecast includes a first increase in Bank Rate in quarter 1 of 2015.

Our PWLB forecasts are based around a balance of risks. However, there are potential upside risks, especially for longer term PWLB rates, as follows: -

- ✓ A further surge in investor confidence that robust world economic growth is firmly expected, causing a flow of funds out of bonds and into equities.

- ✓ UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

Downside risks currently include:

- ✓ UK strong economic growth is currently dependent on consumer spending and the unsustainable boom in the housing market. The boost from these sources is likely to fade after 2014.
- ✓ A weak rebalancing of UK growth to exporting and business investment causing a weakening of overall economic growth beyond 2014.
- ✓ Weak growth or recession in the UK's main trading partners - the EU and US, inhibiting economic recovery in the UK.
- ✓ A return to weak economic growth in the US, UK and China causing major disappointment in investor and market expectations.
- ✓ A resurgence of the Eurozone sovereign debt crisis caused by ongoing deterioration in government debt to GDP ratios to the point where financial markets lose confidence in the financial viability of one or more countries and in the ability of the ECB and Eurozone governments to deal with the potential size of the crisis.
- ✓ Recapitalising of European banks requiring more government financial support.
- ✓ Lack of support by populaces in Eurozone countries for austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- ✓ Italy: the political situation has improved but it remains to be seen whether the new government is able to deliver the austerity programme required and a programme of overdue reforms. Italy has the third highest government debt mountain in the world.
- ✓ France: after being elected on an anti austerity platform, President Hollande has embraced a €50bn programme of public sector cuts over the next three years. However, there could be major obstacles in implementing this programme. Major overdue reforms of employment practices and an increase in competiveness are also urgently required to lift the economy out of stagnation.
- ✓ Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- ✓ Heightened political risks in the Middle East and East Asia could trigger safe haven flows back into bonds.

- ✓ There are also increasing concerns that the reluctance of western economies to raise interest rates significantly for some years, plus the huge QE measures which remain in place (and may be added to by the ECB in the near future), has created potentially unstable flows of liquidity searching for yield and therefore heightened the potential for an increase in risks in order to get higher returns. This is a return of the same environment which led to the 2008 financial crisis.

4 Treasury Management Strategy Statement and Annual Investment Strategy update

The Treasury Management Strategy Statement (TMSS) for 2014/15 was approved by this Council on 27th of February 2014, t*here has been no policy changes to the* Treasury Management Strategy Statement*; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.*

5 The Council's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- ✓ The Council's capital expenditure plans;
- ✓ How these plans are being financed;
- ✓ The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- ✓ Compliance with the limits in place for borrowing activity.

5.1 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

	2014/15 Original Estimate £000's	Current Position (30.10.14) £000's	2014/15 Revised Estimate £000's
Capital Expenditure	653	392	1,190

The most significant changes from the original estimate to the revised estimates are due to:

- ✓ Slippage 2013/14 for the Disabled Facilities Grant
- ✓ Revisions to Ely Country Park
- ✓ *Recycling and Organics collection*
- ✓ *Home Repair Assistance*
- ✓ *Southern link road*

5.2 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	**2014/15 Original Estimate £000's**	**2014/15 Revised Estimate £000's**
Total	**653**	**1,190**
Financed by:		
Capital Grants	280	281
Capital Reserves / Receipts	344	880
Revenue	29	29
Total financing	**653**	**1190**
Borrowing need	**0**	**0**

5.3 Changes to the Prudential Indicators for the Capital Financing Requirement, External Debt and the Operational Boundary

The table shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period. This is termed the Operational Boundary.

Prudential Indicator – Capital Financing Requirement

We are on target to achieve the original forecast Capital Financing Requirement

Prudential Indicator – External Debt / the Operational Boundary

	2014/15 Original Estimate £m		2014/15 Revised Estimate £m
Prudential Indicator – Capital Financing Requirement			
Total CFR	(25)		(25)
Net movement in CFR	**(84)**		**0**
Prudential Indicator – External Debt / the Operational Boundary			
Borrowing	0		0
Other long term liabilities*	106		106
Total debt 31 March	**106**		**106**
Operational Boundary	**106**		**106**

* This is due to the embedded lease for the refuse and recycling vehicles and is equivalent to the embedded lease payments in the year.

**Equivalent to the opening CFR at the beginning of the year before embedded lease payments are deducted

5.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose*. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2014/15 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2014/15 Original Estimate £m
Gross borrowing	0
Plus other long term liabilities*	106
Less Investments	(12,880)
Net borrowing	(12,774)
CFR* (year end position)	(25)

** Includes on balance sheet finance leases etc.*

The Financial Services Manager reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	**2014/15 Original Indicator**
Borrowing	4,894
Other long term liabilities*	106
Total	5000

*On balance sheet finance embedded leases for the refuse and recycling.

6 Investment Portfolio 2014/15

In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 3, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.5% Bank Rate. Indeed, the Funding for Lending scheme has reduced market investment rates even further. The potential for a prolonging of the Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment, investment returns are likely to remain low.

The Council held £17.7m of investments as at 31 October 2014 (£12.9m at 31 March 2014) and the investment portfolio yield for the year is 0.55% against the 3 month LIBID benchmark *of 0.50%.*

The Chief Financial Officer confirms that the approved limits within the Annual Investment Strategy have not been breached in 2014/15.

The Council's budgeted investment return for 2014/15 is £100,000, and performance for the year to date is in line with the budget.

Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. More recently, in response to the evolving regulatory regime, the agencies have indicated they may remove these "uplifts".

This process may commence during this financial year. The actual timing of the changes is still subject to discussion, but this does mean immediate changes to the credit methodology are required.

It is important to stress that the rating agency changes do not reflect any changes in the underlying status of the institution or credit environment, merely the implied level of support that has been built into ratings through the financial crisis. The eventual removal of implied Government support will only take place when the regulatory and economic environments have ensured that financial institutions are much stronger and less prone to failure in a financial crisis.

Both Fitch and Moody's provide "standalone" credit ratings for financial institutions. For Fitch, it is the Viability Rating, while Moody's has the Financial Strength Rating. Due to the future removal of sovereign support from institution assessments, both agencies have suggested going forward that these will be in line with their respective Long Term ratings. As such, there is no point monitoring both Long Term and these "standalone" ratings.

Furthermore, Fitch has already begun assessing its Support ratings, with a clear expectation that these will be lowered to 5, which is defined as "A bank for which there is a possibility of external support, but it cannot be relied upon." With all institutions likely to drop to these levels, there is little to no differentiation to be had by assessing Support ratings.

As a result of these rating agency changes, the credit element of our future methodology will focus solely on the Short and Long Term ratings of an institution. Rating Watch and Outlook information will continue to be assessed where it relates to these categories. This is the same process for Standard & Poor's that we have always taken, but a change to the use of Fitch and Moody's ratings. Furthermore, we will continue to utilise CDS prices as an overlay to ratings in our new methodology.

7 Borrowing

The Council's capital financing requirement (CFR) for 2014/15 is (£25,000). The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing).

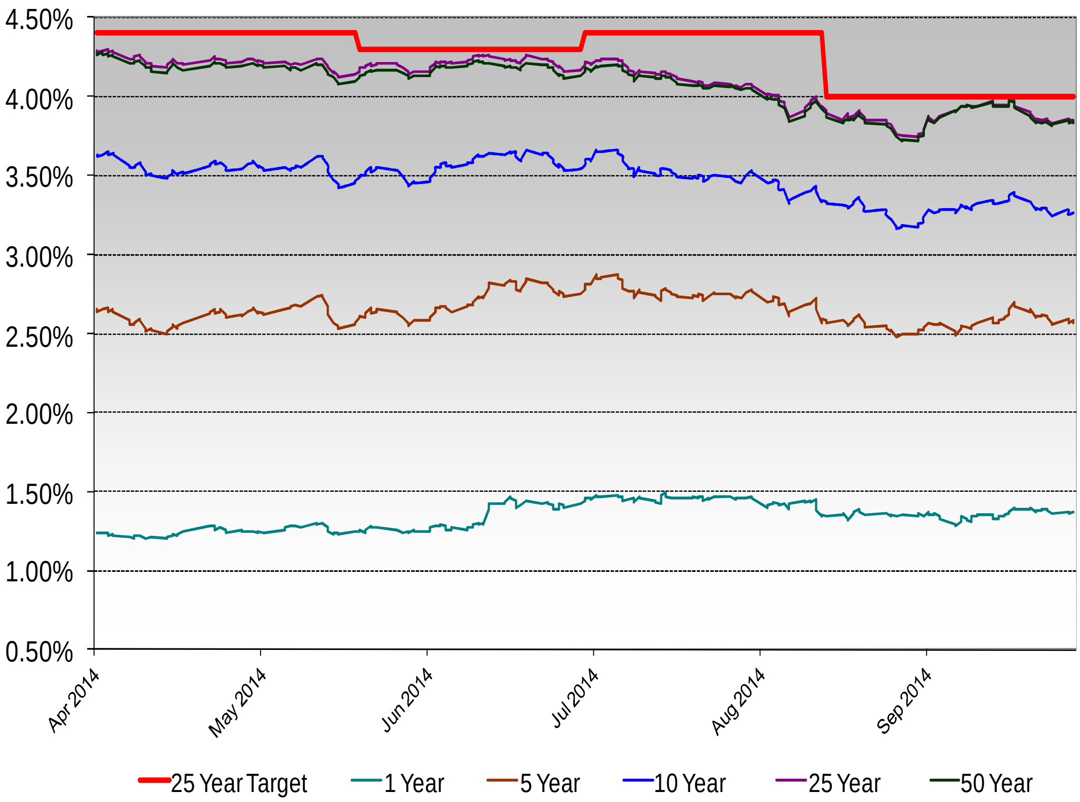
As outlined below, the general trend has been a decrease in interest rates during the six months, across longer dated maturity bands, but a rise in the shorter maturities, reflecting in part the expected rise in the Bank rate.

It is anticipated that further borrowing *will not* be undertaken during this financial year.

The graph and table below show the movement in PWLB certainty rates for the first six months of the year to date:

PWLB - 30th September 2014

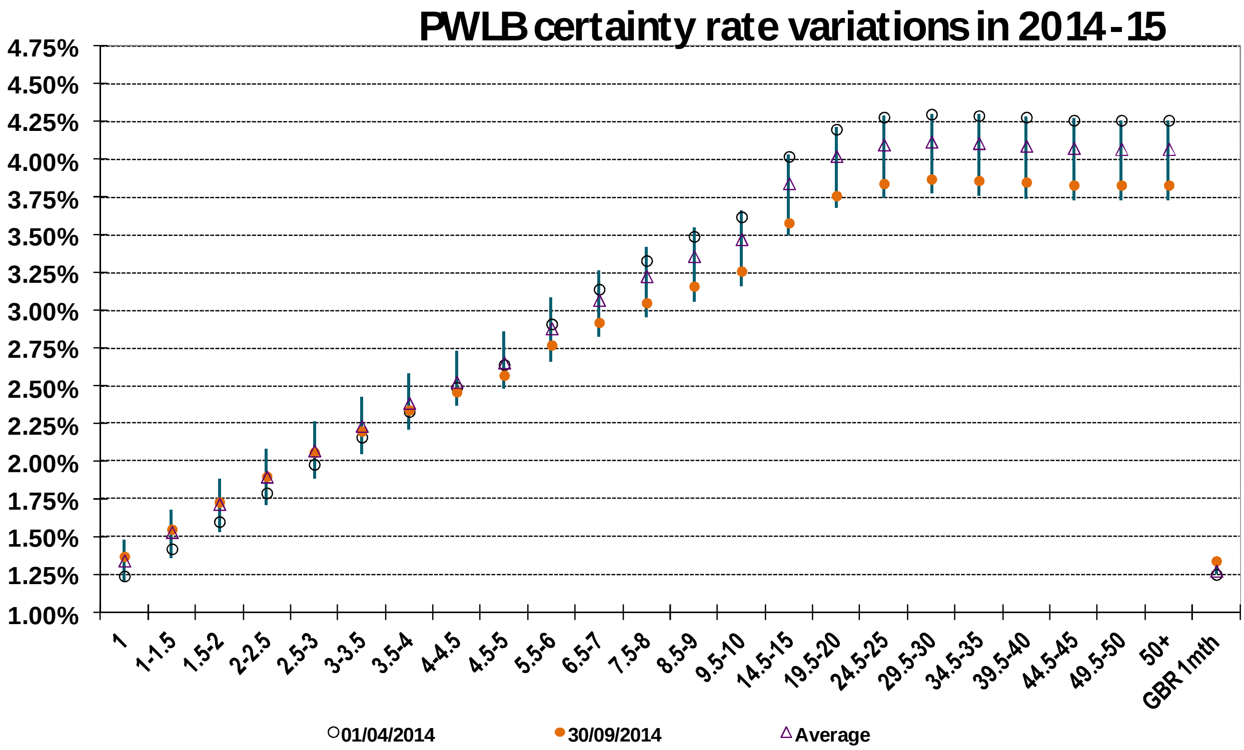
	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.20%	2.48%	3.16%	3.75%	3.73%
Date	10/04/2014	28/08/2014	28/08/2014	29/08/2014	29/08/2014
High	1.48%	2.86%	3.66%	4.29%	4.26%
Date	15/07/2014	04/07/2014	20/06/2014	02/04/2014	01/04/2014
Average	1.34%	2.65%	3.67%	4.10%	4.17%



APPENDIX

PWLB certainty rates for half year ended 30.9.14

	1	1-1.5	2.5-3	3.5-4	4.5-5	9.5-10	24.5-25	49.5-50	1 month variable
1/4/14	1.240%	1.420%	1.980%	2.330%	2.640%	3.620%	4.280%	4.260%	1.250%
30/9/14	1.370%	1.550%	2.060%	2.340%	2.570%	3.260%	3.840%	3.830%	1.340%
High	1.480%	1.680%	2.260%	2.580%	2.860%	3.660%	4.290%	4.260%	1.340%
Low	1.200%	1.360%	1.880%	2.210%	2.480%	3.160%	3.750%	3.730%	1.250%
Average	1.343%	1.532%	2.071%	2.386%	2.655%	3.472%	4.098%	4.070%	1.275%
Spread	0.280%	0.320%	0.380%	0.370%	0.380%	0.500%	0.540%	0.530%	0.090%
High date	15/7/14	3/7/14	4/7/14	3/7/14	4/7/14	20/6/14	2/4/14	1/4/14	17/9/14
Low date	10/4/14	10/4/14	10/4/14	10/4/14	28/8/14	28/8/14	29/8/14	29/8/14	2/6/14



Appendix 2

CURRENT INVESTMENT REPORT AS AT 31ST OCTOBER 2014

	Investment Number	***Amount***	***Term start***	***Term expire***	***F/N***	***Type***	***Duration (Days)***	***Credit rating***	***Rate %***
Fixed Term Deposits									
Nationwide Building Society	1790	4,000,000	15-Jul-14	13-Jan-15	F	Fixed	182	Red	0.64
Lloyds Bank of Scotland	1732	1,000,000	11-Apr-14	10-Apr-15	F	Fixed	364	Blue	0.95
Lloyds Bank of Scotland	1739	1,000,000	30-Oct-14	29-Oct-15	F	Fixed	364	Blue	1.00
Ulster Bank Ltd	1785	1,500,000	27-Nov-13	########	F	Fixed	363	White	0.88
Subtotal		**7,500,000.00**							
Instant Access / Notice Deposit Accounts									
Barclays Bank Plc	1730	3,443,754	31-Oct-14		N	Instant	100 days	Green	0.15 + (0.40% Y/e balance)
(Svenska) Handelsbanken	1696	1,959,000	29-Oct-14		N	Instant	12 months	Orange	0.40
Lloyds Bank of Scotland - Instant - 1615	1615	62	09-Sep-14		N	Instant	1 year	Blue	0.40
Lloyds Bank of Scotland	1715	1,954,904	28-Feb-14		N	95 day	1 year	Blue	0.62
RBS	1689	205	01-Oct-14		N	Instant	1 year	Blue	0.25 / *BR+0.10*
RBS	1714	2,357,323	01-Oct-14		N	30 day	1 year	Blue	0.60 / *BR+0.10*
Santander Instant A/C	1786	195,000	23-Oct-14		N	Instant	100 days	Green	0.40
Ignis liquidity fund	1775	274,000	31-Oct-14		N	MMF			0.40
Subtotal		**10,184,247.82**							
Total		**17,684,247.82**							