



1 Introduction

This policy sets out our approach to investing funds not required for immediate day to day needs, held in the Restricted Bank Account, current domiciled with NatWest. It is a framework for making related investment decisions, managing our financial resources, and meeting our governance responsibilities. We will review this investment policy annually to ensure that it continues to align with our charitable mission and objectives.

2 The NVR Restricted Bank Account

The NVR Restricted Bank Account (hereafter “Restricted Account”) is one of the NVR’s accounts at the National Westminster Bank (NW). It is set up so that money can only be transferred between it and the NVR’s current account at NW. The purpose of the account is to segregate money required for the day-to-day operation of the railway (General Funds) from that intended for a specific purpose, such as an asset purchase, or a major maintenance expenditure.

2.1 Funds held within the Restricted Bank Account

The Restricted Bank Account will hold cash deposits in relation to:

2.1.1 Restricted Funds

Restricted Funds hold money raised by, was donated to, or otherwise gifted to the NVR for a specific objective. Examples being money donated toward the costs associated with a particular overhaul, building acquisition, or development.

Each restricted fund has a nominated owner who is responsible for the disbursement of money in that fund for its specified purpose. The NVR recognises that, except in extreme circumstances (see 9 below), money in a Restricted Fund cannot be used for any other purpose without the consent of the nominated owner.

2.1.2 Designated Funds

Designated Funds hold money that the railway has decided to allocate towards the achievement of a particular objective. Examples here are the sinking funds that build up reserves to pay for the overhaul of a loco after a period of use.

Each designated fund is managed by the railway’s Finance Committee who decide from time to time the basis on which money is paid into the fund.

Unlike a restricted fund, money in a designated fund can be reallocated with the prior approval of Finance Committee. The reallocation will be recorded in the FC minutes and reviewed regularly to ensure reversal of the reallocation at the earliest opportunity.

2.1.3 Set-aside Funds

A Set-aside Fund is similar to a designated fund in that it holds money that has been received from customers as advance payment for a future event. Money is kept in the Set-aside fund until the event has been completed. If the event is cancelled then refunds can be made from the Set-aside fund.

Set-aside funds are managed by the NVR Finance Manager.



3 Investment Objectives

The railway's investment objectives are firstly to protect the value of capital funds. This is given priority over achieving growth. We will aim to generate returns only if that does not jeopardise the capital value of our investments.

4 Risk Appetite

We recognise that every investment, including a cash deposit carries risk, and we will manage these risks to ensure that they are commensurate with our objectives and the financial resources available. The NVR's risk appetite is low, we are unwilling to accept fluctuations in the value of our assets in pursuit of our investment objectives.

It is recognised this approach exposes reserves to inflation risk, however the term over which such funds are held before use and the value involved mean this risk is acceptable when contrasted with the risk of capital volatility in seeking to mitigate inflationary impact.

The historic arrangement for the investment of the City of Peterborough Restricted Fund in a portfolio of investments managed on a discretionary basis by Vartans will be allowed to continue until liquidated to fund expenditure on the locomotives overhaul.

5 Liquidity Needs

We will ensure that The NVR has sufficient liquidity to meet our financial commitments, including income from grants and other charitable activities. We will maintain an appropriate level of cash reserves to ensure that we can access our money when we need it.

6 Decision-Makers

The charity trustees are responsible for making investment decisions, including approving the investment policy, setting investment objectives. The railway's Finance Committee advises the board on the making of these decisions.

6.1 Investment Responsibilities of the Trustees

The trustees have a legal obligation to secure the best financial return within the acceptable level of risk appetite. They have a duty to consider investment suitability and diversification but may delegate this to an appropriately qualified investment professional. They have a duty to take advice, unless there is good reason for not doing so, and to review investment performance.

[Note this will be removed when the Vartans management arrangement runs off]

7 Interest received on Restricted Funds and Investment gains and losses

The interest received on cash deposits will, in the absence a specific donor condition to capitalise such returns, be released to General Funds.

Investments may yield gains or losses. Where investments produce positive returns, whether through capital growth or through dividend earnings, the returns will be taken as revenue to the profit and loss account and again in the absence of specific donor



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instructions to the contrary, dividends received in cash (but not specie) will be released periodically to General Funds.

Where investments produce a loss, that will be recognised in the profit and loss account and the Restricted Fund balance will be made good by transfer from General Funds.

[Note the latter paragraph will again be removed when the Vartans management arrangement runs off]

8 Investment Policy Reporting Requirements

We will include, where relevant, investment performance in our annual report filed at Companies House and with the Charity Commission.

9 Extreme Circumstance

With regard to this policy, “Extreme Circumstances” mean that the Trustees have decided that the railway is in danger of becoming insolvent. In this situation, the Charity Commission must be consulted in order to determine how investments in Restricted Funds can be handled.

This Policy will be uploaded to the NVR website and future appeals for Restricted Funds via Justgiving/GoFundMe etc. will reference the policy and provide a link to the website.

Signed Chairman Finance Committee

Date

Signed Chairman Board of Trustees

Date