

The Scheme

# The Affirmative Deposit Fund for Charities

A common deposit fund

Sealed 14th August 2006 – 37(S) 06

General Charity - The Affirmative Deposit Fund for Charities  
LCU (Ldn) 4,022,298 / 539,529

**Charity Commission**

THE CHARITY COMMISSIONERS FOR ENGLAND AND WALES HEREBY ORDER, in pursuance of section 25 of the Charities Act 1993, that the following Scheme to establish a Common Deposit Fund is made and brought into effect:-

## **Common Investment Fund**

### **Index to clauses**

1	The Fund
2	Interpretation
3	Object
4	Qualification to deposit
5	Trustee
6	Scope of responsibility
7	Duties and powers of Trustee
8	Income of the Fund
9	Oversight and supervision of the Manager by the Trustee
10	Delegation by the Trustee
11	Safe custody of documents
12	Appointment of Custodian and custodial delegates
13	Power to appoint Nominees
14	Title to Property
15	Manager
16	Scope of responsibility of the Manager
17	Duties and powers of the Manager
18	Delegation by the Manager
19	Timely discharge of duties
20	Expenses
21	Remuneration of Trustee
22	Remuneration of Manager
23	Retirement of Trustee
24	Retirement of Manager
25	Replacement of Manager or Trustee
26	Repayment of deposits
27	Register
28	Calculation of interest rates
29	Publication of interest rates
30	Statement of interest
31	Method of payment
32	Satisfaction of the rights of Depositing Charities
33	Surpluses
34	Powers of investment
35	Cash
36	Scheme Particulars
37	Miscellaneous
38	Accounts and report
39	Information for Depositing Charities
40	Winding-up
42	Questions under Scheme

## **1 The Fund**

The provisions of this Scheme shall have effect for the establishment and regulation of a common deposit fund under the name of "The Affirmative Deposit Fund for Charities" or such other name as may be approved by the Commissioners from time to time and adopted by the Manager.

## **2 Interpretation**

In this Scheme, the following expressions shall have the following meanings:

"accounting period" means a period commencing on the day after the date of each balance sheet or interim balance sheet of the Fund and ending on the date of the next following balance sheet or interim balance sheet: provided that the first accounting period after the Fund is established shall be the period beginning with the day on which the Fund is established and ending with the date of the first balance sheet or interim balance sheet;

"associate" means in relation to a company: (a) an undertaking in the same group as that company, and (b) a representative or delegate of that company or of any undertaking in the same group, and "group" has the same meaning as in section 43 of the Value Added Tax Act 1994;

"authorised unit trust scheme" means a unit trust scheme which is authorised for the purposes of the FSMA by an authorisation order in force under section 243 of that Act;

"business day" means any day on which the London Stock Exchange is normally open for business, being a day other than a Saturday, Sunday, Christmas Day, Good Friday or a bank holiday;

"Charity" means a charity within the meaning of section 96 of the Charities Act;

"Charities Act" means the Charities Act 1993;

"Commissioners" means the Charity Commissioners for England and Wales;

"date of the balance sheet" shall be interpreted in the same way as in the Regulations;

"date of the interim balance sheet" means the date determined as such in accordance with the Scheme Particulars;

"Depositing Charity" means a Charity which has deposited sums in the Fund;

"deposit-taking firm" has the same meaning as in the Glossary to the FSA Handbook;

"duty of care" means a duty to exercise such care and skill as is reasonable in the circumstances, having regard in particular to any special knowledge or experience that the person subject to the duty has or holds himself out as having, and, in relation to the Manager, to any special knowledge or experience that it is reasonable to expect of a person acting as a Manager in the course of a business or profession;

"FSA Handbook" means the Handbook of Rules and Guidance issued by the Financial Services Authority, as amended or replaced from time to time;

"FSMA" means the Financial Services and Markets Act 2000;

"Financial Services Authority" means the designated agency referred to in section 1 of and Schedule 1 to the FSMA;

"Fund" means the common deposit fund constituted by this Scheme;

"independent" means that:

(a) a relevant party is not the same entity as another relevant party and that no director or employer of a relevant party acts as another relevant party or as a director or employee of another relevant party; and

(b) no relevant party nor any director or employee of a relevant party shall (without the prior written consent of the Commissioners) hold, either directly or indirectly, more than 15% of the voting share capital of any other relevant party; and

(c) there is no contractual commitment between any relevant parties which affects the independence of those relevant parties in relation to each other;

"Manager" means the body corporate appointed Manager in this Scheme, or any successor body appointed by an order pursuant to clause 24 or 25 of this Scheme, being a body which is (a) authorised by the Financial Services Authority to act either as an operator of a regulated collective investment scheme or as an operator of an unregulated collective investment scheme, and (b) independent of the Trustee;

"near cash" has the same meaning as in the Glossary to the FSA Handbook;

"power of intervention" includes:

(a) a power to give directions to a delegate, agent, nominee or custodian;

(b) a power to revoke the authorisation or appointment of a delegate, agent, nominee or custodian;

"Registrar" means a corporate body appointed by the Trustee as Registrar from time to time for the purpose of maintaining the register of Depositing Charities under clause 27 of this Scheme;

"Regulations" means the Charities (Accounts and Reports) Regulations 2005, as amended or replaced from time to time;

"Scheme Particulars" means the rules and particulars of the Fund made under clause 36 of this Scheme, as amended or replaced from time to time;

"Trustee" means the body corporate appointed Trustee in this Scheme, or any successor body appointed by an order pursuant to clause 23 or 25 of this Scheme, being a body which is (a) authorised by the Financial Services Authority to either act as a Trustee of an authorised unit trust scheme or establish, operate or wind up an unregulated collective investment scheme, and (b) independent of the Manager.

### **3 Object**

The object of the Fund shall be the provision of a common deposit fund for the deposit of sums of money from time to time by or on behalf of a Depositing Charity: Provided that the Depositing Charities shall be entitled, subject to the provisions of this Scheme, to the repayment of the deposit and to the payment of interest in accordance with the Scheme Particulars made under clause 36 hereof.

### **4 Qualification to deposit**

Subject to any legal restrictions which apply to it, any Charity shall be qualified to deposit a sum or sums of money in the Fund. Any Charity applying to deposit a sum or sums of money in the Fund may be required by the Trustee to give a declaration of eligibility to deposit, and an indemnity against liabilities arising out of its ineligibility.

### **5 Trustee**

The body corporate called HSBC Bank plc shall be the first Trustee of the Fund.

### **6 Scope of responsibility**

The Trustee shall be responsible for those aspects of the administration and management of the Fund and its property which are specified in clause 7 of this Scheme. To the extent of those duties and powers, the Trustee is a charity trustee of the Fund within the meaning of the Charities Act.

### **7 Duties and powers of the Trustee**

7.1 The duty of care applies to the Trustee when exercising its powers and discharging its duties under this Scheme.

7.2 The following are the duties and powers of the Trustee:-

(a) the supervision and oversight of the Manager's compliance with this Scheme and the Scheme Particulars. In particular, the Trustee shall be satisfied on a continuing basis that the Manager is competently exercising the powers and competently discharging the duties conferred or imposed on it by or pursuant to the provisions of this Scheme, and that the Manager is maintaining adequate and proper records: Provided that the Trustee's duty in relation to supervising the Manager's functions under clause 17.2 is limited to ensuring that decisions about the constituents of the property of the Fund do not exceed the power of investment conferred on the Manager;

(b) applying to the Commissioners for an order to remove the Manager and an order to appoint a new Manager;

(c) the supervision and oversight of any Registrar or other delegate which the Trustee has appointed in accordance with the provisions of this Scheme;

(d) the custody and control of the property of the Fund and the collection of all income due to the Fund in accordance with clause 8;

(e) the appointment of a Registrar in accordance with clause 27.4;

(f) repaying deposits, and paying interest, to Depositing Charities;

(g) the appointment or dismissal of any person or persons engaged by the Trustee in connection with the Fund;

(h) making an annual report on the discharge of the Trustee's responsibilities for the management of the Fund;

(i) winding up the Fund.

7.3 The Trustee shall maintain such records as are necessary to enable it to comply with this Scheme and with section 41 of the Charities Act and to demonstrate that such compliance has been achieved.

7.4 The Trustee shall take all steps and execute all documents which are necessary to secure that deposits with the Fund, repayment of those deposits, and payments of interest in respect of those deposits, are properly completed.

7.5 The duties which are imposed on the Trustee by this Scheme are in addition to the duties which are otherwise imposed on charity trustees by law, and where the duties imposed by the general law have been qualified or restricted by this Scheme, the Scheme provisions shall apply so far as the general law may permit.

### **8 Income of the Fund**

The Trustee is responsible for the collection of any income due to be paid to the Fund and for claiming any repayment of tax which may be due, and shall hold any income received so as to give effect to the objects of the Fund.

**9 Oversight and supervision of the Manager by the Trustee**

- 9.1 The Trustee shall oversee and supervise the Manager's compliance with this Scheme as provided in clause 7.2(a).
- 9.2 The Trustee shall not be responsible for the acts or defaults of the Manager in the exercise of the powers conferred on the Manager by this Scheme, or in the discharge of the duties imposed on the Manager by this Scheme, if the Trustee has complied with the duty of care when satisfying itself as to the matters specified in clause 7.2(a).
- 9.3 If the Trustee is not satisfied at any time as to the Manager's compliance with this Scheme or the Scheme Particulars, the Trustee shall inform the Commissioners promptly and in writing.

**10 Delegation by the Trustee**

- 10.1 The Trustee may delegate any of its functions to any person, subject to any restriction imposed by or under the provisions of this Scheme.
- 10.2 The Trustee shall not delegate any function of oversight of the Manager to an associate of the Manager.
- 10.3 The Trustee shall require any delegate to report regularly to the Trustee on its performance of the functions delegated.
- 10.4 While the delegate continues to act for the Fund, the Trustee-
- (a) shall keep under review the arrangements under which the delegate acts and how those arrangements are being put into effect;
  - (b) if circumstances make it appropriate to do so, shall consider whether there is a need to exercise any power of intervention that it has; and
  - (c) if it considers that there is a need to exercise such a power of intervention, shall do so.
- 10.5 The Trustee shall keep the Manager informed of any delegation of its functions.
- 10.6 The Trustee shall be vicariously liable for the acts and defaults of the Manager when the Manager acts as the Trustee's delegate, but shall otherwise be liable for the acts and defaults of a delegate only if and insofar as it has failed to comply with the duty of care when selecting the person who is to act, when determining any terms on which the delegate is to act, or when carrying out its duties under sub-clause 10.4 of this clause.

**11 Safe custody of documents**

The safe custody of all documents of title relating to the property of the Fund shall be the responsibility of the Trustee.

**12 Appointment of Custodian and custodial delegates**

- 12.1 The Trustee may, subject to the following provisions of this clause, permit documents of title relating to the property of the Fund, or any of them, to be in the possession or under the control of some other person as custodian ("the Custodian"), provided that such person shall have any necessary authority under the FSMA to undertake the safe custody of documents.
- 12.2 While the Custodian continues to act for the Fund, the Trustee-
- (a) shall keep under review the arrangements under which the Custodian acts and how those arrangements are being put into effect;
  - (b) if circumstances make it appropriate to do so, shall consider whether there is a need to exercise any power of intervention that it has; and
  - (c) if it considers that there is a need to exercise such a power of intervention, shall do so.
- 12.3 The Trustee may authorise a Custodian appointed under this clause to sub-delegate any of its functions, provided that the Trustee is satisfied that:
- (a) any sub-delegation of any functions by the Custodian is reasonably necessary in the interests of the Fund;
  - (b) any person appointed as delegate, sub-delegate, agent, or nominee of the Custodian or any sub-custodians (hereafter collectively referred to as "custodial delegates") shall have any necessary authority under the FSMA to undertake the safe custody of documents;
  - (c) the Trustee shall be kept informed of the appointment from time to time of any named custodial delegates;
  - (d) services provided by custodial delegates are properly supervised by the Custodian (or, as the case may be, by appropriate custodial delegates); and
  - (e) the terms of any sub-delegation are sufficient to protect the best interests of the Fund.
- 12.4 In exercising its powers under this clause to appoint a Custodian or permitting sub-delegation to custodial delegates, the Trustee shall have regard to the need for arrangements for the safe custody of documents of title relating to the property of the Fund, including safeguarding those documents from misappropriation, loss or destruction.
- 12.5 In exercising its powers under this clause to appoint a Custodian or permitting the sub-delegation to custodial delegates, the Trustee shall have regard to the need to protect the Fund by such means as they think fit against any loss occasioned by the Custodian or by any custodial delegates as a result of any negligence, default, fraud or insolvency.
- 12.6 The Manager shall not be permitted to undertake any functions of custody or control as Custodian or custodial delegate.
- 12.7 The Trustee shall be liable for the acts and defaults of a Custodian only if and insofar as it has failed to comply with the duty of care when selecting the person who is to act, when determining any terms on which the Custodian is to act, and when carrying out its duties under sub-clauses 12.2 to 12.5 of this clause.
- 12.8 If the Trustee has authorised the Custodian to sub-delegate under sub-clause 12.3, the Trustee shall be liable for the acts or defaults of the custodial delegate only if and insofar as it has failed to comply with the duty of care when authorising the sub-delegation, or when carrying out its duties under sub-clause 12.3 insofar as they relate to the authorisation of the sub-delegate.

### **13 Power to appoint Nominees**

- 13.1 The Trustee may, subject to the following provisions of this clause, appoint a body corporate as its Nominee to hold the property of the Fund, provided that such person shall have any necessary authority under the FSMA to undertake nomineeeeship.
- 13.2 While the Nominee continues to act for the Fund, the Trustee-
- (a) shall keep under review the arrangements under which the Nominee acts and how those arrangements are being put into effect;
  - (b) if circumstances make it appropriate to do so, shall consider whether there is a need to exercise any power of intervention that it has; and
  - (c) if it considers that there is a need to exercise such a power of intervention, shall do so.
- 13.3 The Trustee may authorise a Nominee appointed under this clause to sub-delegate any of its functions, provided that the Trustee is satisfied that:
- (a) any sub-delegation of any functions by the Nominee is reasonably necessary in the interests of the Fund;
  - (b) any person appointed as delegate, sub-delegate, or agent, of the Nominee or any sub-nominees (hereafter collectively referred to as "nominee delegates") shall have any necessary authority under the FSMA to undertake nomineeeeship;
  - (c) the Trustee shall be kept informed of the appointment from time to time of any named nominee delegates;
  - (d) services provided by nominee delegates are properly supervised by the Nominee (or, as the case may be, by appropriate nominee delegates); and
  - (e) the terms of any sub-delegation are sufficient to protect the best interests of the Fund.
- 13.4 In exercising its powers under this clause to appoint a Nominee and permitting the sub-delegation to nominee delegates, the Trustee shall have regard to the need to protect the Fund by such means as it thinks fit against any loss occasioned by the Nominee or by any nominee delegates as a result of any negligence, default, fraud or insolvency.
- 13.5 The Manager shall not be permitted to undertake any functions of nomineeeeship or control as Nominee or nominee delegate.
- 13.6 The Trustee shall be liable for the acts and defaults of a Nominee only if and insofar as it has failed to comply with the duty of care when selecting the person who is to act, when determining any terms on which the Nominee is to act, and when carrying out its duties under sub-clauses 13.2 to 13.5 of this clause.
- 13.7 If the Trustee has authorised the Nominee to sub-delegate under sub-clause 13.3, the Trustee shall be liable for the acts or defaults of the nominee delegate only if and insofar as it has failed to comply with the duty of care when authorising the sub-delegation, or when carrying out its duties under sub-clause 13.3 insofar as they relate to the authorisation of the sub-delegate.
- 13.8 The power provided by this clause to appoint a Nominee is in addition to any such power which is given by law.

### **14 Title to Property**

- All investments of the Fund, whether held in the name of the Trustee, or in the name of a nominee, shall be held on trust for the Depositing Charities in such a manner that it is readily apparent that they are held by or on behalf of the Fund, and so that -
- 14.1 the property of the Fund shall be segregated in the records of the Trustee, or of its Nominee as the case may be, from any other property which is held by the Trustee or its Nominee;
- 14.2 where a nominee is appointed, the investments to which the Fund is entitled shall be separately identifiable from other property held by the Nominee.

### **15 Manager**

The body corporate called Epworth Investment Management Limited shall be the first Manager of the Fund.

### **16 Scope of responsibility of the Manager**

The Manager shall be responsible for those aspects of the administration and the management of the Fund and its property which are specified in clause 17 hereof. To the extent of those duties and powers, the Manager is a charity trustee of the Fund within the meaning of the Charities Act.

## **17 Duties and powers of Manager**

- 17.1 The duty of care applies to the Manager when exercising its powers and discharging its duties under this Scheme.
- 17.2 The Manager shall have all the duties and powers relating to the administration and management of the Fund (except the duties and powers of the Trustee set out in clause 7.2 hereof) and in particular, the following are the duties and powers of the Manager -
- (a) deciding, subject to the Scheme Particulars, the terms and conditions on which deposits are accepted by the Fund, and giving instructions to the Trustee with respect to the receipt and repayment of deposits, and the payment of interest in respect of deposits;
  - (b) the management of the investments of the Fund in conformity with the written statement of the investment policy made in conformity with clause 34.4 hereof;
  - (c) the duty to make any necessary calculations of interest in respect of deposits made with the Fund and that these calculations of interest are correctly carried out, and to ensure that correct payments of interest are made;
  - (d) the making and revision of the Scheme Particulars in accordance with clause 36 hereof;
  - (e) keeping a daily record of all the Fund's transactions including the receipt and repayment of deposits;
  - (f) making all records held by the Manager in respect of the Fund available for inspection by the Trustee free of charge at all times during the business day and supplying the Trustee with a copy or copies of any record without charge;
  - (g) preparing a report and accounts of the Fund in respect of every accounting period;
  - (h) making representations to the Trustee on the winding up of the Fund;
  - (i) the making and revision of the written statement of the investment objectives of the Fund;
  - (j) determining the criteria and methods for evaluating the performance of the Fund;
  - (k) the appointment of the auditor of the Fund and settling his terms of engagement;
  - (l) taking all other action as necessary for the administration and management of the Fund other than those duties or powers which have been imposed or conferred on the Trustee by this Scheme.
- 17.3 The Manager shall maintain such records as are necessary to enable it to comply with this Scheme and with section 41 of the Charities Act and to demonstrate that such compliance has been achieved.
- 17.4 The duties which are imposed on the Manager by this Scheme are in addition to the duties which are otherwise imposed on charity trustees by law, and where the duties imposed by the general law have been qualified or restricted by this Scheme, the Scheme provisions shall apply so far as the general law may permit.

## **18 Delegation by the Manager**

- 18.1 The Manager may delegate any of its functions to any person, subject to any restriction imposed by or under the provisions of this Scheme.
- 18.2 The Manager shall require any delegate to report regularly to the Manager on its performance of the functions delegated.
- 18.3 While the delegate continues to act for the Fund, the Manager -
- (a) shall keep under review the arrangements under which the delegate acts and how those arrangements are being put into effect;
  - (b) if circumstances make it appropriate to do so, shall consider whether there is a need to exercise any power of intervention that it has; and
  - (c) if it considers that there is a need to exercise such a power of intervention, shall do so.
- 18.4 The Manager shall keep the Trustee informed of any delegation of its functions.
- 18.5 The Manager shall be vicariously liable for the acts and defaults of the Trustee when the Trustee acts as the Manager's delegate, but shall otherwise be liable for the acts and defaults of a delegate only if and insofar as it has failed to comply with the duty of care when selecting the person who is to act, when determining any terms on which the delegate is to act, or when carrying out its duties under sub-clause 18.3.

## **19 Timely discharge of duties**

The Trustee and the Manager shall discharge their respective duties imposed by this Scheme with due dispatch unless delay is both lawful and in the interests of the Depositing Charities.

## **20 Expenses**

- 20.1 The Trustee and the Manager shall be entitled to retain out of the property of the Fund any reasonable costs or expenses incurred by them in managing, administering or winding up the Fund. Such reasonable costs or expenses may be drawn from the property of the Fund as and when they occur.
- 20.2 The Scheme Particulars and any publicity or marketing material about the Fund shall make clear that these costs and expenses will be charged to the property of the Fund in addition to the charges which are made to the Fund in accordance with clauses 21 and 22 hereof.

## **21 Remuneration of Trustee**

- 21.1 The Trustee shall be paid remuneration out of the property of the Fund at a rate to be determined in accordance with the Scheme Particulars. Such remuneration shall be provided for out of a periodic charge in a manner determined in accordance with the Scheme Particulars.
- 21.2 The actual and maximum rate of the periodic charge and the method of its calculation shall be specified in the Scheme Particulars. Depositing Charities shall be given a period of notice (which shall not be less than 90 days) specified in the Scheme Particulars of any proposed increase in the actual or maximum amount of the periodic charge.

## **22 Remuneration of Manager**

- 22.1 The Manager shall be paid remuneration out of the property of the Fund at a rate to be determined in accordance with the Scheme Particulars. Such remuneration shall be provided for out of a periodic charge in a manner determined in accordance with the Scheme Particulars.
- 22.2 The actual and maximum rate of the periodic charge and the method of its calculation shall be specified in the Scheme Particulars. Depositing Charities shall be given a period of notice (which shall not be less than 90 days) specified in the Scheme Particulars of any proposed increase in the actual or maximum amount of the periodic charge.

## **23 Retirement of Trustee**

If the Trustee wishes to retire, it shall give notice of its intention to retire to both the Commissioners and the Manager. The Trustee shall give such notice of intention to retire if it ceases to be qualified in accordance with this Scheme. The Manager shall use its best endeavours to find a body corporate which is so qualified to act and which is willing to be appointed Trustee in place of the retiring Trustee. The Trustee, prior to its retirement, shall be required to make a written statement of any circumstances connected with its retirement as the Trustee which it considers should be brought to the attention of the Commissioners or, if the Trustee considers that there are no such circumstances, to make a written statement that there are none. The Trustee shall only be discharged from the provisions of this Scheme by an order of the Commissioners, and any new Trustee shall be appointed by an order of the Commissioners.

## **24 Retirement of Manager**

If the Manager wishes to retire, it shall give notice of its intention to retire to both the Commissioners and the Trustee. The Manager shall give such notice of intention to retire if it ceases to be qualified in accordance with this Scheme. The Trustee shall use its best endeavours to find a body corporate which is so qualified to act and which is willing to be appointed Manager in place of the retiring Manager. The Manager, prior to its retirement, shall be required to make a written statement of any circumstances connected with its retirement as the Manager which it considers should be brought to the attention of the Commissioners or, if the Manager considers that there are no such circumstances, to make a written statement that there are none. The Manager shall only be discharged from the provisions of this Scheme by an order of the Commissioners, and any new Manager shall be appointed by an order of the Commissioners.

## **25 Replacement of Manager or Trustee**

- 25.1 If the Trustee is of the opinion for good and sufficient reason that a change of Manager is desirable in the interests of the Depositing Charities, it shall apply to the Commissioners for an order to discharge the Manager from the provisions of this Scheme and shall serve on the Manager a notice of that application. The Trustee shall use its best endeavours to find a body corporate which is qualified to act as Manager of the Fund under this Scheme, and which is willing to be appointed Manager in place of the retiring Manager. The Manager, prior to its discharge, shall be required to make a written statement of any circumstances connected with its discharge as the Manager which it considers should be brought to the attention of the Commissioners or, if the Manager considers that there are no such circumstances, to make a written statement that there are none. The Manager shall only be discharged from the provisions of this Scheme by an order of the Commissioners, and any new Manager shall be appointed by an order of the Commissioners.
- 25.2 If the Manager is of the opinion for good and sufficient reason that a change of Trustee is desirable in the interests of the Depositing Charities, it shall apply to the Commissioners for an order to discharge the Trustee from the provisions of this Scheme and shall serve on the Trustee a notice of that application. The Manager shall use its best endeavours to find a body corporate which is qualified to act as Trustee of the Fund under this Scheme, and which is willing to be appointed Trustee in place of the retiring Trustee. The Trustee, prior to its discharge, shall be required to make a written statement of any circumstances connected with its discharge as the Trustee which it considers should be brought to the attention of the Commissioners or, if the Trustee considers that there are no such circumstances, to make a written statement that there are none. The Trustee shall only be discharged from the provisions of this Scheme by an order of the Commissioners, and any new Trustee shall be appointed by an order of the Commissioners.

## **26 Repayment of deposits**

- 26.1 Subject to the Scheme Particulars, a deposit or part thereof made by a Depositing Charity shall be repaid to that Charity on receipt by the Manager of a notice requiring repayment, or on the winding up of the Fund, and until such repayment, interest shall be credited to the deposit account of such Depositing Charity.
- 26.2 A deposit with the Fund may be made on terms that it shall only be repayable after a period of time has elapsed since the notice requiring repayment was given.

## **27 Register**

- 27.1 The Trustee shall keep a register of deposit accounts in which it shall record the particulars of each Depositing Charity and of the sum or sums deposited by such Depositing Charity. The Trustee shall at any reasonable time upon reasonable request certify to the trustees of a Depositing Charity the total amount standing to its credit and any interest accrued thereon. The register may include such other particulars as may be prescribed by the Scheme Particulars.
- 27.2 The Trustee may issue certificates to all Depositing Charities in respect of their holdings of deposits and shall, at the request of any Depositing Charity, certify the amounts of the deposits made.
- 27.3 The register shall be available in a manner determined in accordance with the Scheme Particulars for inspection by or on behalf of the Depositing Charities free of charge during normal office hours except that the register may be closed at such times and for such periods (not exceeding 30 days in any one year) as the Trustee may from time to time determine.
- 27.4 The Trustee may appoint and pay a body corporate as Registrar to carry out the functions mentioned in sub-clauses 27.1 and 27.2 of this clause on behalf of the Trustee.

## **28 Calculation of interest rates**

- 28.1 The Manager shall calculate the interest payable in respect of the deposits placed with it by the Depositing Charities on a daily basis or such other basis as it may from time to time determine in accordance with the Scheme Particulars made under clause 36 hereof. Such interest shall be calculated after deduction of such amounts as the Manager may have decided to retain to meet the management costs or the expenses incurred by it in accordance with the provisions of this Scheme and the Scheme Particulars.
- 28.2 The Manager may in its discretion determine different rates of interest
- (a) for different sizes of deposit; or
  - (b) depending on the length of notice required for repayment of the deposit; or
  - (c) for deposits placed for repayment on fixed dates.

## **29 Publication of interest rates**

The Manager shall make arrangements for the publication in at least one national newspaper in England and Wales, or on the internet, of the interest rates payable on deposits of money in the Fund. The manner of such publication shall be prescribed in the Scheme Particulars.

## **30 Statement of interest**

- 30.1 A statement shall be given to each Depositing Charity in respect of its deposit account in a manner determined in accordance with the Scheme Particulars.
- 30.2 The statement may be sent by post or by some other method of communication that the Depositing Charity has authorised.

## **31 Method of payment**

- 31.1 Any moneys payable by the Trustee to a Depositing Charity, whether by way of interest, or by way of repayment of its deposit, may be paid to the account of that Charity or of the trustees of that Charity in a manner determined in accordance with the Scheme Particulars.
- 31.2 The trustees of a Depositing Charity may authorise the Trustee to make a payment by any other means.

## **32 Satisfaction of the rights of Depositing Charities**

The rights of Depositing Charities to the repayment of deposits, or to the payment of interest, are liable to be satisfied only out of the property of the Fund, and no further claim shall be made against any person who is, or has at any time been, the Manager of the Fund or the Trustee of the Fund.

## **33 Surpluses**

- 33.1 The Trustee shall be entitled to retain surpluses to the extent that it reasonably considers this appropriate in order to provide for future liabilities of the Fund, including the repayment of deposits, and to payment of interest in respect of deposits.
- 33.2 Subject to sub-clause 33.1, any property of the Fund which remains after the satisfaction of the rights of the Depositing Charities to the repayment of deposits, and to the payment of interest, and after settling any other liabilities properly payable out of the Fund, shall be held on trust for distribution amongst the present or past Depositing Charities in such proportions and at such times as the Trustee shall, in accordance with arrangements approved by the Commissioners, decide.

#### **34 Powers of investment**

- 34.1 Any property of the Fund for the time being available for investment shall be invested in the name of the Trustee or a Nominee in accordance with the provisions of this Scheme.
- 34.2 The Manager may invest the property of the Fund at its discretion:
- (a) in sterling denominated deposit accounts with any deposit-taking firm;
  - (b) in sterling denominated negotiable certificates of deposit with any deposit-taking firm;
  - (c) in sterling denominated deposits with any local authority in the United Kingdom;
  - (d) in sterling denominated fixed and floating rate securities issued by any deposit-taking firm;
  - (e) in Treasury bills or other securities issued or guaranteed by Her Majesty's Government.
- Provided always that:
- (i) at least 10% of the principal amount of the investments of the Fund shall be repayable within five business days or be capable of being transferred without the consent of a third party (any issuer being regarded as a third party for this purpose); and
  - (ii) (except for the sterling denominated floating rate securities) the remainder of the investments of the Fund shall be repayable within a period not exceeding two years.
- 34.3 The Manager shall have regard -
- (a) to the need for diversification of investments, in so far as is appropriate to the circumstances of the Fund; and
  - (b) to the suitability to the Fund of investments of the description of investment proposed and of the investment proposed as an investment of that description.
- 34.4 The Manager shall make, and from time to time as necessary revise, a written statement of the investment policy of the Fund and shall promptly supply a copy thereof to the Trustee. The statement of investment policy shall include, among other things, the Manager's policy for the Fund in the following matters:
- (a) securing compliance with sub-clause 34.3;
  - (b) the kinds of investments to be held;
  - (c) the balance between different kinds of investments;
  - (d) risk;
  - (e) the expected return on investments; and
  - (f) the realisation of investments.
- 34.5 The Manager shall at all times keep the investments of the Fund under review and may at any time in its discretion realise, exchange or otherwise dispose of any investment either to raise cash or for investment in accordance with this Scheme.
- 34.6 The Manager shall not exercise any power to invest the property of the Fund other than that provided by this Scheme and in conformity with the statement of investment policy made in accordance with sub-clause 34.4.

#### **35 Cash**

To the extent that it is not otherwise permitted under the provisions of this Scheme, the property of the Fund may include cash and near cash where this may reasonably be regarded as necessary in order to facilitate the repayment of deposits, and the payment of interest, or to further the efficient management of the Fund, or otherwise to enable the Manager to discharge its functions under this Scheme.

## **36 Scheme Particulars**

- 36.1 The Manager shall make written Scheme Particulars for the purpose of:
- (a) supplementing the provisions of clauses 17.2 (a), 20, 21, 22, 26, 27, 28, 29, 30.1 and 31.1 of this Scheme, as indicated in those clauses, and the Scheme Particulars shall, as far as reasonably possible, include details of all identifiable costs and expenses;
  - (b) supplementing the other provisions of this Scheme if, in its opinion, that may be necessary to enable the Fund to operate effectively;
  - (c) modifying or relaxing any duty to account to the Fund which may result from a conflict of interest and duty on the part of the Trustee, the Manager or other person;
  - (d) providing for the holding and constitution of meetings of Depositing Charities for such purposes as the Trustee may consider appropriate;
  - (e) supplementing the information given by or under the provisions of this Scheme about the constitution, objectives and operation of the Fund which shall include (where applicable) any restrictions or limitations on investment that are additional to those imposed by this Scheme.
- 36.2 Scheme Particulars made for the purpose of supplementing the provisions of clause 21 or 22 or for modifying or relaxing any duty to account to the Fund which may result from a conflict of interest and duty on the part of the Trustee, the Manager or other person shall be subject to the prior written consent of the Commissioners.
- 36.3 No provision in the Scheme Particulars shall be inconsistent with this Scheme.
- 36.4 The Scheme Particulars shall be revised from time to time by the Manager, subject to the prior consent in writing of the Commissioners in the case of Scheme Particulars revised for the purposes specified in sub-clause 36.2, and copies of the Scheme Particulars, or any amendments, shall be supplied free of charge to the Commissioners, the Trustee and the Depositing Charities.

## **37 Miscellaneous**

- 37.1 The Trustee may decide conclusively any question arising under this Scheme as to the rights of Depositing Charities.
- 37.2 Where any institution which has made a deposit in the Fund ceases to be a Charity qualified in accordance with clause 4 to deposit in the Fund, the deposit shall be repaid forthwith with any interest accrued up to the date that institution ceases to be a Charity.

## **38 Accounts and report**

- 38.1 For the purposes of Part VI of the Charities Act (other than section 41) and of the Regulations (other than the provisions relating to audit), the Manager (and no other person) shall be considered the charity trustee of the Fund within the meaning of the Charities Act.
- 38.2 The Manager shall prepare in respect of each financial year of the Fund a statement of accounts and annual report complying with the requirements of the Charities Act and the Regulations. The Manager shall also prepare a half-yearly report and accounts for the Fund made up to the date of the interim balance sheet.
- 38.3 The Manager shall cause the accounts in respect of each financial year to be audited in accordance with the provisions of the Charities Act and of the Regulations by an auditor appointed by the Manager.
- 38.4 The auditor shall be a person who -
- (a) is in accordance with section 25 of the Companies Act 1989 (eligibility for appointment) eligible for appointment as company auditor; or
  - (b) is a member of a body for the time being specified in regulations under section 44 of the Charities Act and is under the rules of that body eligible for appointment as auditor of the Fund.
- 38.5 The Manager shall transmit to the Commissioners -
- (a) the annual report, to which shall be attached the accounts and a copy of the audit report; and
  - (b) a copy of each half yearly report and accounts.
- 38.6 The Manager shall report on the Fund's performance to the Depositing Charities at least once in every six month period.

**39 Information for Depositing Charities**

39.1 Subject to sub-clause 39.2 below, the Manager shall send to all Depositing Charities copies of the following documents:

(a) this Scheme, and any variation of it;

(b) the Scheme Particulars, and any variation of them;

(c) the current written statement of the investment policy of the Fund made in accordance with the provisions of clause 34, and any variation of it;

(d) a report on the performance of the Fund to the Depositing Charities at least once in every six month period and such report shall include a comparison of such performance with rates of interest paid by banks and building societies;

(e) each report made by the Manager and the Trustee in accordance with the provisions of this Scheme during the period of deposit; and

(f) the statement of accounts of the Fund, (together with the audit report on that statement, where an audit report is required to be prepared) prepared most recently prior to the date of first deposit, and any such statement and report prepared during the period of deposit.

39.2 The Manager and the Trustee may make a joint application to the Commissioners for a direction that material providing relevant information may be sent to all Depositing Charities instead of one or more of the documents mentioned in sub-clause 39.1 (a),(b), (d) and (e) above. The Commissioners may give such a direction on such terms as they think fit.

**40 Winding-up**

40.1 If the Trustee is of the opinion that it is expedient in the interests of the Depositing Charities to wind up the Fund, it shall serve on the Manager a notice of the Trustee's intention to wind up the Fund. The Manager shall submit its representations (if any) to the Trustee within one calendar month from the date of the notice from the Trustee.

40.2 If, upon consideration of the Manager's representations (if any), the Trustee remains of the opinion that a winding up of the Fund is expedient in the interests of the Depositing Charities, the Trustee may execute a written declaration that the Fund is to be wound up, and if it does so, it shall:-

(a) forthwith send a copy of the declaration to the Commissioners and the Manager and publish it in such manner (if any) as the Commissioners may direct;

(b) inform the Depositing Charities in writing that the Fund is to be wound up; and

(c) as soon as practicable after the Fund falls to be wound up, realise the property of the Fund. Any property remaining after repaying all outstanding deposits, paying all outstanding entitlements to interest, and settling, or making adequate provision for, any other liabilities properly payable out of the Fund, including the costs of the winding up, shall be held on trust for division amongst the present or past Depositing Charities in such proportions as the Trustee shall, in accordance with arrangements approved by the Commissioners, decide.

40.3 For the purpose of carrying out the trust specified in sub-clause 40.2(c) of this clause and of securing fairness between Depositing Charities in doing so, the Trustee shall have power to do all such things as may be required and to determine all such questions as may arise.

**41 Questions under Scheme**

Any questions as to the construction of this Scheme, or as to the regularity or the validity of anything done or proposed to be done under this Scheme, may be determined by the Commissioners upon sufficient application to them by the Manager or the Trustee.

**Sealed by Order of the Commissioners this 14th day of August 2006**

**L.S.**

**S 539529 C**

Scheme Particulars

# **The Affirmative Deposit Fund for Charities**

A common deposit fund

## **The Affirmative Deposit Fund for Charities**

### **Index to paragraphs**

1	Definitions
2	Constitution of the Fund
3	Trustee
4	Manager
5	Investment Objectives, Powers and Policy
6	Custody or Holding of Deposits
7	Depositing Charity's Status and Money Laundering Requirements
8	Deposits
9	The Authorised Signatories and Correspondent
10	Withdrawals
11	Interest and Statements
12	Management Charges and other Expenses
13	Register of depositors' accounts
14	Accounts and Meetings of the Fund
15	Risk Warning and Temporary Suspension of Deposit Accounts
16	Taxation
17	Acceptance of Terms and Conditions
18	Complaints
19	Conflict of Interest
20	Names, Addresses and Contacts
21	Amendment, Winding up and Applicable Law
22	Information
23	The Schedule

## **1 Definitions**

'ADF Online' – the system whereby Depositing Charities are granted access to their accounts with the Fund via the internet;

'average maturity date' - means the average period to maturity of the investments in the portfolio (or in the case of floating rate securities the date of the next payment of interest).

'BACS' – Bank Automated Clearing Services

'Church or Churches' - means a church or churches whose object(s) is the advancement of religion and which is a charity within the meaning of section 96(1) of the Charities Act 1993 (which may be registered with the Commissioners as charities or exempt or excepted from the obligation to register).

'the Commissioners' – the Charity Commissioners for England and Wales

'Depositing Charities' – charities depositing money in the Fund

'the Fund' – the Affirmative Deposit Fund for Charities constituted by the Scheme

'FSA' – the Financial Services Authority whose address is set out in the Schedule to these Particulars

'the Manager' – Epworth Investment Management Limited (incorporated in England & Wales under no 3052894) whose address is set out in the Schedule to these Particulars

'the Scheme' – the scheme of the Charity Commissioners for England and Wales dated 14 August 2006 establishing the Fund

'the Trustee' – HSBC Bank plc whose address is set out in the Schedule to these Particulars

## **2 Constitution of the Fund**

- 2.1 The Affirmative Deposit Fund for Charities ("the Fund") is a Common Deposit Fund established by the Scheme. It has been established under section 25 of the Charities Act 1993 by the Commissioners with HSBC Bank plc as the Trustee and Epworth Investment Management Limited as the Manager. The Fund is a registered charity (with No 1115887). The Fund is administered for the benefit of Depositing Charities.
- 2.2 Pursuant to clause 36 of the Scheme, these Scheme Particulars have been approved by the Commissioners on 14 August 2006 and adopted by the Manager on 31 August 2006 and are now issued by the Manager.
- 2.3 Where the Scheme and these Scheme Particulars are in conflict, the provisions of the Scheme shall prevail.
- 2.4 Under section 25(2) of the Charities Act 1993, except where this is expressly excluded by the trusts of a charity, the powers of investment of every charity established in England and Wales include the power to deposit in common deposit funds.

## **3 Trustee**

- 3.1 The Trustee (HSBC Bank plc) is appointed by the Scheme as the first Trustee. The address of the Trustee (which is also its registered office) is set out in the Schedule. The Trustee is regulated by the FSA and is authorised to carry on investment business in the United Kingdom by virtue of such regulation.
- 3.2 The Trustee shall be responsible for those aspects of the administration and management of the Fund and its property that are specified in clause 7 of the Scheme. In particular, the Trustee will monitor and supervise the Manager on a continuing basis to ensure the Manager complies with the Scheme and the Scheme Particulars. To the extent of those duties and powers, the Trustee is a charity trustee of the Fund within the meaning of the Charities Act 1993.

#### **4 Manager**

- 4.1 The Manager (Epworth Investment Management Limited) is appointed by the Scheme as the first Manager. The Manager is a specialist investment and cash manager for Churches and other charities and is regulated by the FSA. The Manager is authorised to carry on investment business in the United Kingdom by virtue of such regulation.
- 4.2 The Manager shall be responsible for those aspects of the administration and management of the Fund and its property that are specified in clause 17 of the Scheme. To the extent of those duties and powers, the Manager is a charity trustee of the Fund within the meaning of the Charities Act 1993.

The following is a summary of those duties:-

- (a) to decide which deposits are to be accepted, and give instructions to the Trustee as to their receipt and repayment and interest to be paid;
- (b) to manage the investments of the Fund, to calculate the interest due to Depositing Charities and ensure the correct calculation of this;
- (c) to make and revise the written statement of investment policy and these Scheme Particulars;
- (d) to keep a record of all the Fund's transactions such records to be available for inspection by the Trustee at all times;
- (e) to prepare a report and accounts for the Fund in respect of each accounting period as required by the Scheme and to appoint the Fund's auditors;
- (f) generally to manage and administer the Fund, except those aspects of this which the Scheme require to be done by the Trustee.

#### **5 Investment Objective, Powers and Policy**

- 5.1 A policy statement has been prepared by the Manager, set out in 5.2 and 5.3 below, containing the Investment Objective and Policy of the Fund. Money received from Depositing Charities is pooled and is invested in accordance with the investment policy.
- 5.2 The Fund's Investment Objective is to achieve, mainly through a portfolio of bank deposits and with minimal risk of capital loss, the higher rates of interest usually available in the London Money Market, whilst maintaining the ability of Depositing Charities to make withdrawals at short notice.
- 5.3 The Fund's Investment Policy is to invest money with banks and other institutions which meet rigorous criteria based on independent credit ratings and total asset size, with a maximum average maturity date for the investments of no more than 150 days.
- 5.4 Risk is minimised by limiting the proportion of the Fund deposited with any single bank or other institution and is also minimised through diversification by lending to banks and institutions in a number of different banking groups.
- 5.5 The Fund will not invest more than 20% of its assets with any bank or banking group with a credit rating of Aaa, and will set lower levels of investment for lesser credit rating banks. There is no restriction on the amount that may be deposited with Her Majesty's Government.
- 5.6 The Fund's benchmark, before expenses, will be the 7-day London Interbank Bid Rate (LIBID) as measured by the British Bankers Association.
- 5.7 The Scheme permits the property of the Fund to be invested in sterling denominated deposits (including sterling negotiable certificates of deposit), Treasury Bills and other UK Government guaranteed securities and Floating Rate Bonds. The Fund must maintain at least 10% of its assets in investments realisable within 5 business days and the remainder repayable within a period not exceeding two years (except floating rate securities). The average maturity date of the investments of the Fund will not exceed 150 days.
- 5.8 The Manager will publish details of its latest risk management, diversification and lending criteria on its website at [www.epworthinvestment.co.uk](http://www.epworthinvestment.co.uk).

## **6 Custody or Holding of Deposits**

- 6.1 All investments of the Fund will be in the name of either the Fund, the Trustee or such other institutions, (for example, a nominee or custodian bank), as the Trustee shall nominate. Income from investments will be paid direct to the bank account of the Fund. Any certificates representing investments of the Fund will be held by the Trustee or an institution nominated by it.
- 6.2 The Custodian Trustee appointed will be HSBC Bank plc Institutional Fund Services whose address is set out in the Schedule. The Manager is not permitted to undertake the functions of a custodian or custodial delegate.

## **7 Depositing Charity's Status and Money Laundering Requirements**

- 7.1 Any Church or other charitable organisation established in Great Britain and/or Northern Ireland may deposit its money with the Fund, unless precluded by a specific provision in its governing instrument.
- 7.2 A Depositing Charity proposing to invest in the Fund will be asked to sign a declaration of eligibility to deposit money in the Fund, which will be included in an Account Opening Form for the deposit. The declaration will say that the Depositing Charity is a charity within the meaning of section 96 of the Charities Act 1993 (which includes Churches as defined above) and will also contain an undertaking to withdraw the deposit if the organisation ceases to be charitable, together with an authority to close the Account in such an event. The Manager will require evidence of the Depositing Charity's status as a charity, whether by the supply of its registration number with the Commissioners, its exemption reference number issued by the Inland Revenue or in such other way as shall be reasonably required.
- 7.3 Following the implementation of The Criminal Justice Act 1993 and the Money Laundering Regulations 2003, the Manager is required to maintain procedures to combat money laundering. Amongst other things, this means that in certain circumstances persons acting on behalf of the Depositing Charity may be required to provide proof of identity.
- 7.4 The Manager reserves the right to seek such information in relation to any deposit as it may consider appropriate, before accepting it and the Trustee and the Manager reserve the right to decline any application for deposit or to return the deposit in its complete discretion.
- 7.5 The Trustee may at any time or from time to time call upon any Depositing Charity by notice in writing to establish to its satisfaction that the Depositing Charity is a charity. In the event of evidence not being so furnished within a reasonable time (not being more than fourteen days after the service of the notice) so as to establish to the satisfaction of the Trustee that the Depositing Charity in question is a charity, the Trustee shall close the Deposit Account and return any monies due.

## **8 Deposits**

8.1 Deposits shall be made:-

(a) either by cheque drawn on a United Kingdom Bank or Building Society payable to The Affirmative Deposit Fund for Charities;

or

(b) by CHAPS or other direct transfer to the account of the Fund at HSBC Bank plc [address and account details] ("the Fund's Bank").

8.2 Deposits by CHAPS or other direct transfer will only be accepted for same day value if the Manager is notified before 9:30am on a business day that the money is to be expected and it arrives at the Fund's Bank before midday.

8.3 No minimum sum is required to open an account, nor is there a maximum amount for a deposit.

8.4 The Manager is entitled to assume that the persons signing the Account Opening Form as trustees or officials of the Church or charity organisation concerned, are duly authorised to open an account in the Church/charitable organisation's name and to transfer money to that account.

8.5 The Manager and the Trustee reserve the right to decline any application to open an account or to close the same, without giving any reason.

8.6 Having been appointed Registrar of the Fund by the Trustee, the Manager will hold a record of the accounts of all Depositing Charities, with details of the amounts deposited and the dates the deposits were made, the dates and amounts of interest credited and withdrawals.

8.7 Term deposits may be accepted by arrangement with the Manager.

8.8 Term deposits will normally be informally matched against specific deposits in the money market ("the matching exercise"). The matching exercise does not give the depositor any additional security or any additional rights over any other deposit in the Fund.

8.9 The Manager does not intend to create legally separate pools of assets for Depositing Charities that are making deposits of large amounts of money or for longer fixed durations. Any purported "segregation" will be for the purposes of the Fund's internal administration and the calculation of interest rates only, and is not intended to create a segregated trust.

## **9 The Authorised Signatories and Correspondent**

9.1 The Account Opening Form will require one or more authorised signatories to be nominated, and contains an acknowledgement that the Manager may act on the instructions of the authorised signatory or signatories.

9.2 A Depositing Charity will be required also to notify the Manager of the name and address of its correspondent (who may be an authorised signatory).

9.3 A Depositing Charity should notify the Manager of any change in the authorised signatories or correspondent in writing and the Trustee and the Manager shall not be liable for any loss arising where they have acted on the instructions of the authorised signatories for the time being properly notified to the Manager.

9.4 Any notice or other document required to be served upon a Depositing Charity shall be deemed to have been duly given if sent by post to or left at the address of its correspondent appearing on the Register of Deposit Accounts. Any notice or document so served by post shall be deemed to have been received two days after that on which it was posted and in proving such service, it shall be sufficient to prove that envelope or wrapper containing such notice or document was properly addressed, stamped or posted.

## **10 Withdrawals**

- 10.1 Except for term deposits, Depositing Charities may make withdrawals of any amount standing to their credit with the Fund (subject to 10.6 below) from the Fund without penalty or notice.
- 10.2 Withdrawal requests should be in writing on the form obtainable from the Manager and signed by the authorised signatories for the account.
- 10.3 Withdrawal requests received by the Manager by 9:30am will be processed on the day of receipt, otherwise they will be processed on the next business day.
- 10.4 Payment will be made to the Depositing Charity's nominated bank account by BACS.
- 10.5 The Manager may, on request, arrange for withdrawals to be sent by CHAPS (subject to reimbursement of the cost by the Depositing Charity).
- 10.6 The Manager reserves the right to require 7 days notice of withdrawals in exceptional circumstances.

## **11 Interest and Statements**

- 11.1 The interest distribution rate on an account is declared daily by the Manager and takes account of the management charges. Interest is applied retrospectively to the daily balance of each account from the day the deposit is made up to (but excluding) the day of withdrawal. On the last day of each calendar month, interest is credited to the Depositing Charity's account.
- 11.2 The daily and average monthly interest distribution rates are published on the internet at the following address:  
[www.epworthinvestment.co.uk](http://www.epworthinvestment.co.uk)
- 11.3 Statements of each Depositing Charity's account will be sent to the correspondent quarterly, or in the event that a Depositing Charity has elected to have access to its account via the internet through ADF Online, six monthly. Statements of account may be sent at such more frequent intervals as may be agreed between the Depositing Charity and the Manager.
- 11.4 The Manager will send confirmation of the first deposit made by a Depositing Charity within two days of receipt of this, but will not provide written confirmation of further deposits or withdrawals, except on statements referred to in paragraph 11.3.
- 11.5 The Manager shall at any reasonable time upon reasonable request notify to a Depositing Charity the total amount outstanding to its credit and any interest accrued thereon.

## **12 Management Charges and other Expenses**

12.1 The Fund pays to the Manager an annual management charge based on the valuation of the Fund at the last working day of each month. The current rate of the annual management charge of 0.20% plus VAT shall accrue daily and is payable on the last day of each month. Any increase in such rate of charge must be approved first by the Commissioners in writing.

The Manager's maximum annual management charge is 0.25% (plus VAT) of the value of the Fund.

12.2 The Trustee is also entitled to be paid remuneration out of the Fund and may also be paid by the Fund any reasonable expenses incurred in administering and winding-up the Fund. The fees of the Trustee of the Fund shall be based on the value of the Fund and calculated as follows:-

- up to £250 Million: 0.02% per annum

- from £250 Million to £750 Million: 0.01% per annum

Any increase in the rate of fees of the Trustee must be approved first by the Commissioners in writing. When the value of the Fund is over £750 Million, no fees will be charged by the Trustee on the excess in the Fund over this amount.

12.3 The Trustee may retain from the income of the Fund any reasonable costs or expenses incurred in administering or winding up the Fund or otherwise. These costs will include auditors' fees and expenses, the costs (if any) of placing deposits, brokerage, taxation and compliance with statutory regulations (including charity regulation), administration and registration expenses, costs incurred in respect of deposit holders' meetings and legal and other professional fees related to the Fund.

12.4 Increases in the actual or maximum charges of the Trustee and the Manager, for which the Commissioners' prior written consent is needed, shall not become effective until the Depositing Charities have had notice of them for a period of 90 days. Any proposed increase in the actual or maximum amount of the Manager's or the Trustee's fees shall be subject to:-

(a) The Manager giving notice in writing to the Depositing Charities of its intention to increase such fees

(b) These Scheme particulars having been revised subject to the prior written consent of the Commissioners to reflect the proposed increase

(c) 90 days having elapsed since the revised Scheme Particulars became available.

12.5 Value Added tax or other like tax chargeable from time to time (if any) on fees of this nature may be charged in addition.

12.6 No charge is made on the opening of an account, nor are any bank or other charges debited directly to an account except for CHAPS fees under 10.5 above. A lower fee may be agreed where a depositor has more than £5 Million deposited in his account with the Fund.

12.7 Payments of fees may be charged to the income of the Fund at the Trustee's discretion.

### **13 Register of depositors' accounts**

- 13.1 The Trustee has appointed the Manager to be the Registrar.
- 13.2 A Register of the Deposit Accounts held by Depositing Charities shall be kept by the Manager on behalf of the Fund or by or under the control of the Trustee and there shall be entered in the Register of Deposit Accounts:-
- (a) the full name of each Depositing Charity;
  - (b) the full name and address of the correspondent for the Depositing Charity for the time being;
  - (c) the full names of the authorised signatories for the Deposit Account for the time being;
  - (d) the cash balance and accrued interest (if any) held in the Deposit Account by every such Depositing Charity;
  - (e) the date and amount of deposits and withdrawals;
  - (f) the date and amount of interest credited to the Deposit Account or paid away in accordance with the instructions of the Depositing Charity.
- 13.3 Any change of name or address of any Depositing Charity or of its authorised signatories and correspondent shall forthwith be notified in writing to the Manager who, on being satisfied thereon, shall alter the Register of Deposit Accounts accordingly.
- 13.4 The full name of each Depositing Charity and the full name and address of its correspondent in the Register of Deposit Accounts shall be provided by the Manager on request to the correspondent of any other Depositing Charity. By signing the Account Opening Form the Depositing Charity and its correspondent agree to such information being made available accordingly. No other information shall be available.
- 13.5 The Register of Deposit Accounts may be kept either in written form or by such other means (including electronic recording) as the Trustee may from time to time determine.

### **14 Accounts and Meetings of the Fund**

- 14.1 Accounts are prepared half-yearly as at 30th April and 31st October in each year, and audited annually as at 31st October. The first accounting period will cover the period from 1st November 2006 to 31st October 2007. Copies are sent to all Depositing Charities.
- 14.2 The Depositing Charities shall be invited to an Annual Meeting of the Fund at which time the Trustee and the Manager shall present a report on the activities of the Fund during the previous 12 months.

## **15 Risk Warning and Temporary Suspension of Deposit Accounts**

- 15.1 The Trustee and the Manager undertake to use due skill, care and diligence in carrying out their respective duties under the Scheme or as imposed by law. Whilst the Trustee and the Manager will comply with this undertaking in relation to the investment of the Fund, they cannot give guarantees regarding the repayments of deposits.
- 15.2 In the event of any temporary suspension of withdrawals being necessary, the Trustee and the Commissioners shall be informed in writing as soon as possible.
- 15.3 If a bank or other institution in which the Fund is invested fails, leading to a shortfall (or possible shortfall) in part or in whole of one or more of the investments of the Fund, the Trustee may in order to enable the Fund to continue to operate in the best interests of the Depositing Charities take the following action. The Trustee shall notify each Depositing Charity affected of their decision to allocate a proportionate share of the shortfall relative to the balance in each deposit account and to transfer it to a separate deposit account in the name of each Depositing Charity. (It should be noted that by investing in the Fund, a Depositing Charity changes the risk profile of its bank deposits, from a risk that is with a single bank or institution to a spread risk). Such separate deposit account may be frozen for a temporary period until the shortfall, if any, is ascertained but not exceeding 12 months in any event.
- 15.4 The power set out in 15.3 shall not prejudice the rights of Depositing Charities to pass an Extraordinary Resolution requiring the Trustee to wind up the Fund.
- 15.5 The monthly interest distribution rate on an account will fluctuate and past performance is no guarantee of future returns.
- 15.6 The Fund is exempt from the Financial Services and Markets Act 2000 and depositors are not eligible for the Statutory Investors Compensation Scheme or the services of the Financial Services Ombudsman. The Manager is however duly authorised under the Financial Services and Markets Act 2000.

## **16 Taxation**

As a charity, the Fund is not liable to tax on its income under current legislation and may distribute income to Depositing Charities without deducting tax. This tax position may change.

## **17 Acceptance of Terms and Conditions**

By completing the Application Form for deposit, the Depositing Charity acknowledges and accepts these terms and conditions and the provisions of the Scheme. Further copies of these Scheme Particulars will be provided on request to Depositing Charities.

## **18 Complaints**

Complaints should be addressed at the first instance to the Compliance Officer of the Manager at 9 Bonhill Street, London EC2A 4PE who will endeavour to ensure that the complaint is investigated thoroughly and as soon as reasonably practical.

## **19 Conflict of Interest**

The Manager offers investment advice services to other organisations. It may recommend investment in the Fund to its charitable clients. It shall be entitled to retain its proper fees received from its clients for such services.

## **20 Names, Addresses and Contacts**

The names and addresses of the Trustee, the Manager, the Auditors, FSA and the principal Custodian are set out overleaf in the Schedule.

**21 Amendment, Winding up and Applicable Law**

- 21.1 With certain exceptions where the prior written consent of the Commissioners is required, the Manager may amend these Scheme Particulars at any time. Amendments will be notified in writing to the Depositing Charities.
- 21.2 The Trustee has the power under the Scheme to wind up the Fund at any time.
- 21.3 These Scheme Particulars are governed by and construed in accordance with English law and in the event of a conflict between these Scheme Particulars and such law, the latter shall prevail.

**22 Information**

- 22.1 For further information on the terms on which deposits are made with the Fund, reference should be made to the Scheme.
- 22.2 The Scheme Particulars shall be provided to Depositing Charities prior to the submission of the Application Form for deposit.
- 22.3 The Manager will provide to a Depositing Charity (if it has not already been provided), upon the submission of the Application Form for investment copies of:-
  - (a) the Scheme
  - (b) the Scheme Particulars
  - (c) the current Investment Policy referred to in paragraph 5 above.
- 22.4 The Manager will send to Depositing Charities:-
  - (a) a further copy of the Scheme on request;
  - (b) the Annual Accounts of the Fund as provided in paragraph 14 above as soon as reasonably practical following their preparation; and
  - (c) as soon as reasonably practical following any such change being made, any variation to the Scheme or these Scheme Particulars.

**Schedule****Corporate Trustee**

HSBC Bank plc  
Institutional Fund Services  
8 Canada Square  
London  
E14 5HQ

**Fund Manager**

Epworth Investment Management Ltd  
9 Bonhill Street  
London  
EC2A 4PE

**Auditors**

Mazars LLP  
Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

**FSA**

Financial Services Authority  
25 The North Colonnade  
Canary Wharf  
London  
E14 5HS

**Custodian Bankers**

HSBC Bank plc  
Institutional Fund Services  
8 Canada Square  
London  
E14 5HQ