Treasury Management Strategy Statement

2011/12

TREASURY MANAGEMENT STRATEGY STATEMENT

1. Introduction

1.1 The Revised CIPFA Treasury Management Code of Practice

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice (the code) on Treasury Management (revised November 2009) was adopted by this Council February 2010*.*

This revised strategy statement has been prepared in accordance with the revised Code. Accordingly, the Council's Treasury Management Strategy will be approved annually by the full Council and there will also be a mid year report. In addition there will be monitoring reports and regular review by councilors in both executive and scrutiny functions. The aim of these reporting arrangements is to ensure that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

This Treasury management strategy has been prepared in an economic climate where banks and building societies are rebuilding their balance sheets following the economic turmoil over the pasted two years. Building Societies in particular are downsizing their mortgage portfolios and as such are inactive in the financial markets or provide low return on term deposits.

This Council has adopted the following reporting arrangements in accordance with the requirements of the revised Code: -

Area of Responsibility	Council/ Committee/ Officer	Frequency
Treasury Management Policy Statement	Full council	Annually
Treasury Management Strategy and Annual Investment Strategy	Full council	Annually before the start of the year
Treasury Management Strategy and Annual Investment Strategy – mid year report	Full council	Mid year
Treasury Management Strategy and Annual Investment Strategy – updates or revisions at other times	Full council	Annually

Annual Treasury Outturn Report	Full council	Annually by 30 September after the end of the year
Treasury Management Monitoring Reports	Financial Monitoring Panel	Monthly
Scrutiny of treasury management strategy	Financial Monitoring Panel	Annually before the start of the year
Scrutiny of treasury management performance	Financial Monitoring Panel	Monthly

2. Treasury Management Strategy for 2011/12

The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Council to set out its treasury strategy for investments and borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act) (included as paragraph 10 of this report); this sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The suggested strategy for 2010/11 in respect of the following aspects of the treasury management function is based upon the treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury adviser, Sector Treasury Services.

The strategy covers:

- treasury limits in force which will limit the treasury risk and activities of the Council
- Prudential and Treasury Indicators
- the current treasury position
- the borrowing requirement
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- the investment strategy
- creditworthiness policy
- policy on use of external service providers

3. Balanced Budget Requirement

It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from: -

1. increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
2. Any increases in running costs from new capital projects are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

4. Treasury Limits for 2011/12

It is a statutory duty under S.3 of the Local Government Act 2003*,* and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”. In England and Wales the Authorised limit represents the legislative limit in the Act.

The Council must have regard to The Prudential Code when setting its Affordable Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future Council Tax levels is ‘acceptable’.

Whilst termed an “Affordable Borrowing Limit”, the capital plans to be considered for inclusion incorporate those planned to be financed by both external borrowing and other forms of liability, such as credit arrangements. The affordable borrowing limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

5. Prudential Indicators for 2010/11 – 2012/13

The prudential indicators are relevant for the purposes of setting an integrated treasury management strategy. The prudential indicators for 2011/12 are contained in the executive report EX/10/05.

6. Current Portfolio Position

The weighted average investment portfolio from April 2010 to December 2010 is estimated at £26.5m. Listed below are the year end investment balances and the rate of return for the financial half year 2010/2011 up to 31 December 2010 together with a comparison of the position at 2009/10 year end:

	31 March 2010	**31 December 2010**
Investment Portfolio Actual As At	£21,470,708	£25,950,000
	1 April 2009 to 31 March 2010	**1 April 2010 to 31 December 2010**
Average return core on investments	1.54%	1.10%
Average London interbank 3-month offer rate	0.90%	0.70%
Average London interbank 6-month offer rate	1.11%	1.00%

The average return on core investments achieved in the current year to date is the same as the budgeted rate of 1.10% but is above the London six month interbank offer rate by 0.10%.

7. Borrowing Requirement

The Council has not had an external borrowing requirement for the financial year 2010/11 to date.

8. Prospects for Interest Rates

The current bank base rate is 0.50% and has been unchanged since March 2009. The Council has appointed Sector Treasury Services as treasury advisor to the Council and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the Sector central view.

Sector Bank Rate forecast for financial year ends (March)

- 2011 0.50%
- 2012 1.00%
- 2013 2.25%
- 2014 3.25%

There is downside risk to these forecasts if economic growth is weaker than expected. There is also a risk that the MPC could decide to start raising Bank Rate in quarter 3 of 2011 if it feels it needs to defend its credibility in containing inflation and the inflation expectations of the public

The following table sets out the forecasts of Sector, (the Council's treasury management advisors), UBS and Capital Economics, an independent forecasting consultant.

Sector: interest rate forecast – 6.1.11

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
Bank rate	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.25%	2.75%	3.00%	3.25%	3.25%
3 month LIBID	0.60%	0.70%	0.80%	1.00%	1.25%	1.50%	1.75%	2.00%	2.50%	3.00%	3.25%	3.50%	3.50%
6 month LIBID	0.90%	1.00%	1.10%	1.20%	1.50%	1.80%	2.10%	2.40%	2.80%	3.20%	3.50%	3.80%	4.00%
12 month LIBID	1.40%	1.50%	1.60%	1.80%	2.10%	2.40%	2.70%	3.00%	3.20%	3.40%	3.65%	4.00%	4.20%
5yr PWLB rate	3.30%	3.30%	3.40%	3.50%	3.60%	3.80%	3.90%	4.10%	4.30%	4.60%	4.80%	4.90%	5.00%
10yr PWLB rate	4.40%	4.40%	4.40%	4.50%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.30%	5.40%	5.40%
25yr PWLB rate	5.20%	5.20%	5.20%	5.30%	5.30%	5.40%	5.40%	5.40%	5.50%	5.50%	5.60%	5.70%	5.70%
50yr PWLB rate	5.20%	5.20%	5.20%	5.30%	5.30%	5.40%	5.40%	5.40%	5.50%	5.50%	5.60%	5.70%	5.70%

Capital Economics: interest rate forecast – 12.1.11

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.50%	2.00%
5yr PWLB rate	3.20%	3.20%	3.00%	2.75%	2.75%	2.90%	3.00%	3.20%	3.40%	3.60%	3.90%	4.20%
10yr PWLB rate	4.75%	4.75%	4.25%	3.75%	3.75%	3.75%	3.75%	3.75%	3.90%	4.00%	4.30%	4.60%
25yr PWLB rate	5.25%	5.25%	4.85%	4.65%	4.65%	4.65%	4.65%	4.65%	4.75%	4.85%	5.10%	5.30%
50yr PWLB rate	5.30%	5.30%	5.20%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.10%	5.20%	5.30%

UBS: interest rate forecast (for quarter ends) – 6.1.11

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12
Bank rate	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%
10yr PWLB rate	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%
25yr PWLB rate	5.25%	5.30%	5.35%	5.40%	5.45%	5.50%	5.55%	5.60%
50yr PWLB rate	5.35%	5.40%	5.45%	5.50%	5.55%	5.60%	5.65%	5.70%

9. Capital Borrowings and the Borrowing Portfolio Strategy

It is anticipated that there will be no external capital borrowings required during 2011/12

(It should be noted that at present the Council has no debt).

10. Annual Investment Strategy

10.1
The Council will have regard to the CLG's Guidance on Local Government Investments ("the Guidance") issued in March 2004, any revisions to that guidance, the Audit Commission's report on Icelandic investments and the 2009 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities are: -

(a) the security of capital and

(b) the liquidity of its investments.

The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Council is low in order to give priority to security of its investments. This reflects the state of the economy and the fragile state of the banking sector. The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

The risk of default remains a concern; if 10% of the Councils portfolio of £25m were to default then the potential loss could be £2m – £3m. The Council has managed the risk by only investing in financial institutions with good credit ratings and by investing in countries that have a sovereign rating of AAA.

10.2 <u>As per current Strategy</u>

The Key elements of the treasury management strategy are:

- Creditworthiness policy
- Sovereign ratings
- Counter party Limits
- Group and individual limits

Creditworthiness policy

This Council uses the creditworthiness service provided by Sector. This service has been progressively enhanced over the last year and now uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays: -

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments and are therefore referred to as durational bands. The Council is satisfied that this service now gives a much improved level of security for its investments. It is also a service which the Council would not be able to replicate using in house resources.

The selection of counterparties with a high level of creditworthiness will be achieved by selection of institutions down to a minimum durational band within Sector's weekly credit list of worldwide potential counterparties. The Council will therefore use counterparties within the following durational bands *(please amend as appropriate): -*

- Yellow 2 years*
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No Colour not to be used

**this category has been added for AAA rated Government debt or its equivalent;*

All credit ratings will be monitored regularly**.** The Council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service.

- if a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

- in addition to the use of Credit Ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that government support.

Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of *AAA* from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). This list will be added to, or deducted from; by officers should ratings change in accordance with this policy.

AAA Rated Counties:

- Canada
- Denmark
- Finland
- France
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland
- U.K.
- U.S.A.

Counterparty limits

The individual counterparty exposure limits apply only to the principal invested and are secondary to the following overall restrictions.

No more than 30% of the total portfolio us to be invested in any one country, except the UK.

No more than 75% of the total portfolio is to be invested in any one sector.

Group and Individual limits

As well as using the Sector matrix, the Council will limit its exposure to any one particular Institution or group of banks, for example the Lloyds Group and Santander Group. The Council will adopt a tiered exposure using Fitch long term (or equivalent from other agencies if Fitch does not provide) to determine the amount of funds placed with each institution. The DMO account will have a separate limit of £10m, and UK part nationalised banks will have a limit of £6m. Money market funds will have a credit limit of £8m per institution as long as they have a long term rating

#	Long term	Credit Limit
1	AAA	£8m
2	AA+	£6m
3	AA	£4m
4	AA-	£3m
5	A+,A[1]	£1m
6	DMO	£10m
7	Part Nationalised banks 50%+	£6m

10.3 Proposed amendments

The UK sovereign rating being affirmed as AAA and the financial markets feel more confident about the economy which is showing signs of recovery. These factors have been considered and the current strategy revised to reflect this as below.

10.4 Uk Clearing Banks

The Council will treat the UK clearing banks the same as the nationalised and part-nationalised banks when considering investment duration limits. Any of the clearing banks will therefore be considered as “blue” under the sector counter party list with investment being permissible for up to 1 year.

UK Clearing Banks

- Natwest/RBS(Part Nationalised/Nationalised)
- Barclays
- Lloyds (Part Nationalised/Nationalised)
- HSBC
- Santander UK (Only UK Subsidiary and regulated by the FSA)

[1] For institutions with a long term rating of A + or A, only those with a minimum support rating of 1 will be considered for investment purposes.

- Co-operative bank (Currently A- rated and will not be used)
- Bank Of Scotland (Part Nationalised/Nationalised)

Consideration will still be given to the credit rating of each of the clearing banks and should the long term rating fall below AA- then the Council will remove the counter party from its lending list.

10.5 Risk implications of proposal

It should be noted that this is a deviation from the Sectors colour coding **hence not in line with sectors recommendations**. However it is highly likely that should any of the UK clearing bank get into financial difficulty that the government would step in to insure financial stability. The UK government has demonstrated this in the past resulting in a number of nationalised and part nationalised banks.

Following severe cuts from Central Government the Council has slightly increased it risk appetite but at the same time ensuring that security is at the forefront of any investment strategy.

10.6 Group and Individual limits

As well as using the Sector matrix, the Council will limit its exposure to any one particular Institution or group of banks, for example the Lloyds Group and Santander Group. The Council will adopt a tiered exposure using Fitch long term (or equivalent from other agencies if Fitch does not provide) to determine the amount of funds placed with each institution. The DMO account will have a separate limit of £10m, and UK part nationalised banks will have a limit of £10m. Money market funds will have a credit limit of £8m per institution as long as they have a long term rating.

In order to increase the number of available counterparties and achieve a higher yield it is proposed that the credit limits are increased as in the following table.

#	Long term	Existing Credit Limit	New limit
1	AAA	£8m	£8m
2	AA+	£6m	£8m
3	AA	£4m	£8m

4	AA-	£3m	£8m
5	A+,A[2]	£1m	£2m
6	DMO	£10m	£10m
7	Part Nationalised banks 50%+	£6m	£10m

10.7 Counterparty limits

The individual counterparty exposure limits apply only to the principal invested and are secondary to the following overall restrictions.

The Council will invest no more than 30% of the total portfolio one country, except the UK.

The council will endeavour to diversify its investment portfolio by county, group and institution. However due to the nature of the investments place by the council the portfolio will no longer be limited to 75% in any one sector.

11 Other issues

Investment guidance was issued under the Local Government Act 2003, which requires that the full Council should approve the Council's annual investment strategy. The Capital Finance and Accounting Regulations 2003, which came into force on 1 April 2004, also include provisions relating to local authority investments. From this date investments are classified by the Government into two categories, Specified and Non-Specified.

Specified Investments

These will have high security and high liquidity, denominated in sterling and not a long term investment i.e. maturity date of no more than 12 months. The investment is not defined as capital expenditure.

The investment is to be made with:

- The UK Government
- Debt Management Office Accounts
- UK Local Authorities and Parish Councils
- Institutions or investment schemes with a credit rating that meets the criteria mentioned above such as a money market fund.

Non-specified Investments

[2] For institutions with a long term rating of A + or A, only those with a minimum support rating of 1 will be considered for investment purposes.

All other investments not covered above. The Council's policy is to invest in non-specified investments, which meet all the criteria of a specified investment as outlined in 10.2, except for the maturity date which is longer than 12 months. The Council will place deposits in accordance with the Sector matrix recommended colour durations, and where possible spread the amounts and dates of maturing investments as evenly as possible over this period. This avoids an excess of investments maturing in any one particular year and helps towards a more stable rate of return. For all investment transactions the optimum period must be considered in the light of cash flow and market conditions, and alternative investment products.

12 Treasury Management scheme of delegation

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy.

(ii) Executive

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Financial Monitoring Panel

- Scrutiny of Treasury Management Strategy
- receiving and reviewing regular monitoring reports and acting on recommendations

(iv) Director of Resources

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

13 The treasury management role of the section 151 officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.

14 Annual Treasury Outturn Report 2009-10

14.1 Introduction and Background

As part of the Treasury management strategy the Council is required to provide an annual treasury report in respect of the previous years investments.

The purpose of this report is to meet one of the above requirements of the CIPFA Code, namely the annual review report of treasury management activities, for the financial year 2009/10.

This Treasury management report covers:

- the Council's treasury position as at 31 March 2010;
- performance measurement;
- compliance with treasury limits;
- Icelandic bank defaults.

14.2 Treasury Position as at 31 March 2010

The Council's investment position at the beginning and the end of the year was as follows:

Investments:					
TABLE 1	31st March 2010 Principal		Rate/ Return	31st March 2009 Principal	Rate/ Return
-In-House	£21m		1.54%	£25m	5.28%
Total Investments		**£21m**	**1.54%**	**£25m**	**5.28% ***

*Note: This included repaid investment which was entered into when the Bank Of England base rate was 5%. These investments have matured and at present the council has not invested in non-specified investments except £2m with Barclays.

14.3 Performance Measurement

One of the key changes in the revision of the Code in 1996 was the formal introduction of performance measurement relating to investments, debt and capital financing activities.

Benchmark	Benchmark Return	Council Performance
7 day	0.42%	0.59%
1 month	0.47%	0.30%
3 months	0.73%	1.20%
6 months	0.94%	1.57%
12 months	1.29%	2.06%

The benchmark rates are averaged for the year. The profiles of rates dropped in the first six months of the year and were generally flat for the second half. The Council performance is higher because of the number of longer term deposits made at the start of the year and investments with the Council subsidiaries namely Elstree film studio's and Bushy Country Club. The seven day rate is higher due to a money market fund commencing the year at a rate of 0.69% falling to 0.57% by December 2010.

14.4 Compliance with Treasury Limits

During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the Council's annual Treasury Strategy Statement

14.5 Icelandic bank defaults

Following the collapse of the Icelandic bank Landsbanki in early October 2008, its subsidiary Heritable Bank plc (a UK registered bank under Scottish law) entered into administration in 6 October 2008. At this time the Council had £1m invested with maturity due 24 November 2008.

The Icelandic Government has stated its intention to honour all its commitments as a result of their banks being placed into receivership. The U.K. Government is working with the Icelandic Government to help bring this about. At the current time, the process of recovering assets is still ongoing with the Administrators. The Local Government Association is coordinating the efforts of all UK authorities with Icelandic investments. Members will be periodically updated on the latest developments on these efforts. Following receipt of periodic payments made by the administrators, the current balance outstanding at 31 December 2010 is £542,254 with a further £47,569.07 received on 14th January 2011. It is currently anticipated the Council will receive 85% of the principle invested.

15 Treasury Management Strategy – Mid-year Review 2010/11

15.1 Introduction and Background

As part of the Treasury management strategy the Council is required to provide a mid-year review of its Treasury management strategy and Investments.

The purpose of this report is to meet one of the above requirements of the CIPFA Code as in 1.1 of this report, namely the Treasury management strategy statement and Annual investment strategy – Mid year review for the period 01 April 2010 to 30 Sept 2010. This report covers the period from 01st April to 31st December 2010

15.1 Investment Portfolio

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.

The investment portfolio yield for the first nine months of the year is 1.10% against a benchmark of six month Libor (1.00%).

A full list of investments held as at 31st December 2010, compared to Sector's counterparty list, and changes to Fitch, Moodys and S&P's credit ratings during the first six months of 2010/11 is shown in appendix 1. The table below summarises investments up to 31st December:

Investments	1st April 2010	Average Rate of Return
Money market and fixed term deposits	£21,469,708	1.54%
Investments	31st December 2010	Average Rate of Return
Money market and fixed term deposits	25,356,000	1.10%

The average level of funds available for investment purposes in the first nine months of 2010/11 was £26.5m. These funds fluctuate throughout the year, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme. The Council holds £10m core cash balances for investment purposes (i.e. funds available for more than one year).

The table shows comparative figures for similar investments:

Benchmark	Benchmark Return	Council Performance	Investment Interest Earned
7 day	0.42%	0.50%	£21,013
1 month	0.44%	n/a	
3 months	0.59%	0.54%	£1,937
6 months	0.86%	0.86%	£34,161
12 months	1.31%	1.94%	£65,033

As illustrated, the authority outperformed the benchmark. The Council's budgeted investment yield for 2010/11 is 1.10%, and performance for the year to date is in line with annual budget. However due to shortfall in amount available to invest as a result of cash-flow fluctuations the total interest income will be less than budgeted.

During the first nine months of the financial year the Council has complied with the Treasury Management Strategy.

Appendix 1

This table shows the Councils investment portfolio as at 31st December 2010 and credit ratings.

Investments @ 31st Dec 10					
Fixed term investments					
Name	**Duration (days) at time of deposit**	**Interest rate**	**Amount £**	**Current Credit rating**	**Credit rating at time of deposit**
Barclays	732	2.40%	£ 2,000,000	AA-	AA-
Bank of Scotland	365	1.82%	£ 3,000,000	AA-	AA-
Ulster Bank (RBS Group)	365	2.00%	£ 1,000,000	A+	A+
Credit Industrial Et commercial	182	0.95%	£ 3,000,000	AA-	AA-
DBS Bank ltd	182	0.70%	£ 3,000,000	AA-	AA-
Santander	184	1.28%	£ 3,000,000	AA-	AA-
Bank of Scotland	181	1.30%	£ 2,000,000	AA-	AA-
Nationwide	94	0.65%	£ 3,000,000	AA-	AA-
Deposit Account and MMFS @ 04th Jan 11					
Blackrock	CALL	0.57%	350,000	AAA	AAA
Royal Bank of Scotland	CALL	0.90%	5,000,000	AA-	AA-
Other Investments					
Elstree studios	365	2.50%	500,000	Fully owned subsidiaries	
Bushy Country Club	365	2.50%	100,000	Fully owned subsidiaries	
			£ 25,950,000		

Average interest rate to date: 1.10%