

APPENDIX
FOR THE ADMINISTRATION OF THE CHARITIES
TOGETHER KNOWN AS THE JOHN LYON ROAD TRUST
INVESTMENT

Free Fund and Restricted Fund.

6.—(1) The Trustee shall divide into two funds, to be known respectively as the Free Fund and the Restricted Fund, the property of the Charity other than land and other than the sum of £1,525,000 in cash (that sum being referred to in this and the next following clause as “the specified sum”) so as to secure that the value of the property allocated to the Free Fund is equal to twice the value of the property allocated to the Restricted Fund.

(2) When the division required by sub-clause (1) above has been made—

- (a) property representing, or constituting a capital accretion to, property included in one of the funds shall be included in that fund;
- (b) subject to paragraph (a) above, any property of the Charity (other than land and other than the specified sum) which is not included in either fund and is to be invested shall be divided between and added to those funds so as to secure that the value of the property added to the Free Fund is equal to twice the value of the property added to the Restricted Fund.

Investment in land.

7.—(1) Any land which—

- (a) when this Scheme takes effect, belongs to the Charity; or
- (b) thereafter belongs to the Charity and is not included in the Free Fund,

may be retained as an investment.

(2) The specified sum shall be invested in freehold land in England or Wales or leasehold land there having at the time of making the investment at least sixty years of the term unexpired.

(3) Where any land—

- (a) which is retained in pursuance of sub-clause (1) above; or
- (b) which is acquired in pursuance of sub-clause (2) above or in which proceeds of sale of other land are invested in pursuance of this sub-clause,

is sold, the proceeds of sale may (notwithstanding clause 6(2)(b) above) be re-invested in freehold land in England or Wales or leasehold land there having at the time of making the investment at least sixty years of the term unexpired, or (subject to obtaining the approval of the Charity Commissioners and to any conditions of that approval) applied in effecting improvements to any land or buildings of the Charity; but insofar as not so re-invested or applied, the proceeds of sale shall be divided between and added to the Free and Restricted Funds so as to secure that the amount added to the Free Fund is equal to twice the amount added to the Restricted Fund.

(4) Before re-investing any proceeds of sale in freehold or leasehold land in accordance with the provisions of sub-clause (3) above the Trustee shall obtain and consider appropriate professional advice as to whether such acquisition represents a satisfactory investment for the Charity.

(5) The specified sum and any proceeds of sale referred to in sub-clause (3) above may be temporarily invested in any investments which are for the time being narrower-range investments

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within the meaning of the Trustee Investments Act 1961(1) pending investment in land under sub-clause (2) or (3) above.

Investment of Restricted Fund.

8. Property included in the Restricted Fund shall be invested only in investments which are for the time being narrower-range investments within the meaning of the Trustee Investments Act 1961.

Investment of Free Fund.

9.—(1) Property included in the Free Fund shall (subject to sub-clause (6) below) be invested only in investments described in one or more of the paragraphs of sub-clause (2) below.

(2) The investments referred to in sub-clause (1) above are as follows:—

- (a) any investments which are for the time being narrower-range or wider-range investments within the meaning of the Trustee Investments Act 1961 or which are for the time being otherwise authorised by law for the investment of trust property;
- (b) freehold land in England and Wales, or leasehold land there having at the time of making the investment at least sixty years of the term unexpired;
- (c) any securities of the government of any of the specified countries;
- (d) the debentures or debenture stock or preference or preferred or ordinary or deferred stock or shares or unsecured loans or other marketable securities of any company incorporated in any of the specified countries and listed or regularly dealt in on a recognised Stock Exchange in any of the specified countries subject nevertheless to the following provisions of this clause.

(3) In sub-clause (2) above, “specified countries” means—

- (a) the United Kingdom, the United States of America, Australia, Canada, Hong Kong, Japan, Malaysia, New Zealand, Norway, Singapore, Sweden, Switzerland and any country which is for the time being a member of the European Economic Community; and
- (b) any state or province (however named) of a country mentioned in paragraph (a) above.

(4) Sub-clause (2)(d) above does not include any stock, shares or other securities of a company (other than a company incorporated in the United Kingdom carrying on banking or insurance business in the United Kingdom) which, by reason of not being fully paid up or otherwise, carries or carry a liability to contribute by way of calls either in the event of the company being wound up or otherwise, not being a liability to pay one or more of the instalments of capital where the terms of issue of newly-issued securities provide for payment of capital by instalments all of which are to be paid not later than three years from the date of issue.

(5) Sub-clause (2)(d) above does not include any stock, shares or other securities of a company unless at the time of making the investment the paid up capital of the company is at least £750,000 (or its equivalent at the then current rate of exchange); and for the purposes of this sub-clause, the paid up capital of the company shall be deemed to include the capital sum (other than capital surplus) appearing in the company’s published accounts in respect of any stock or shares having no par value.

(6) Property included in the Free Fund may, subject to obtaining the approval of the Charity Commissioners and to any conditions of that approval, be applied in effecting improvements to any land or buildings of the Charity.

Investment Adviser.

10.—(1) The Trustee shall engage an investment expert, being

(1) 1961 c. 62.

- (i) a company or firm which is either an authorised person or an exempted person within the meaning of the Financial Services Act 1986(2) or
 - (ii) an individual who is an authorised person within the meaning of that Act and who has at least 15 years' experience in the City of London of investment or financial management.
- (2) In the following provisions of this Scheme, "Investment Adviser" means the expert engaged in pursuance of sub-clause (1) above.
- (3) The Trustee shall require the Investment Adviser to comply with the following provisions:—
- (a) the Adviser shall keep the investments of the Charity under review at all times; and
 - (b) the Adviser shall inform the Trustee promptly of any change in those investments which appears to the Adviser to be desirable (but if so instructed shall instead inform an Investment Committee constituted for the purposes of clause 12 below).
- (4) No investment other than—
- (a) an investment which is for the time being a narrower-range investment within the meaning of the Trustee Investments Act 1961; or
 - (b) an investment in land,
- shall be made except on the advice of the Investment Adviser.

Delegation to Investment Adviser.

11.—(1) Without prejudice to any other of its powers, the Trustee may (subject to the provisions of this Scheme) delegate to the Investment Adviser, for such period and upon such other terms as the Trustee thinks fit, power at the discretion of the Investment Adviser to buy and sell investments on behalf of the Trustee.

(2) Where the Trustee makes a delegation under sub-clause (1) above, it shall at that time and from time to time thereafter give to the Investment Adviser clear instructions as to investment policy.

(3) The Trustee shall secure that any delegation under sub-clause (1) above is for the time being subject to the following provisions:—

- (a) no power included in the delegation shall exceed or in any way infringe the powers of investment of the Trustee;
- (b) no power included in the delegation shall be exercisable except in accordance with instructions as to investment policy given in advance under sub-clause (2) above;
- (c) the Trustee may, with or without notice, revoke the delegation or alter any of its terms notwithstanding that the period of the delegation has not expired (but without prejudice to the validity of anything done before such a revocation or alteration);
- (d) the Investment Adviser shall, as soon as reasonably possible after each purchase or sale in exercise of a power included in the delegation, report that purchase or sale to the Trustee (but if so instructed shall instead report to an Investment Committee constituted for the purposes of clause 12 below).

(4) The Trustee shall review every delegation under sub-clause (1) above at such intervals (not exceeding, in the absence of special reasons, 24 months from the last preceding review under this sub-clause) as the Trustee thinks fit.

(5) The members of the Trustee shall be liable for the acts and defaults of the Investment Adviser in exercise of any power delegated under sub-clause (1) above to the same extent and in the same manner as if they were the acts and defaults of the Trustee.

(2) 1986 c. 60.

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Investment Committee.

12. The Trustee may delegate any of its functions relating to investment to an Investment Committee consisting of any two or more of its own members on such terms as it thinks fit: Provided that those terms shall include a requirement that the Investment Committee report as soon as reasonably possible to a full meeting of the Trustee anything done by or in relation to that Committee.