

For some time the trustees of Four Acre Trust have been concerned about the management of cash held by small charities. The Trust does not expect small charities to have expert financial advisors, but it does appear that many are not as well served as they might be, either by the traditional banks and building societies, or the specialist charity financial advisors.

**Survey commissioned**

The Trust surveyed over 200 past and present recipients, being charities within the range £50,000 - £10m turnover. Our research was confined to funds specifically placed in deposit accounts, most of which appeared to be of the instant access type; it didn't cover current accounts which might well involve larger sums.

**Results**

Of the 80 replies the average sum invested was £72,000, with almost all rates of interest being well below 1%.

One third of the investments were with the two charitable investment organisations CCLA and CAF, who, in September 2011 were paying 0.75% (CCLA) and 0.2% (CAF)

Monmouthshire Building Society was paying 2.25% (one month notice) and 1.75% (instant)

Scottish Widows 1.6% (seven days notice) 1.25% (instant access)

Affirmative Deposit Fund 1.20% (instant access)

**Analysis**

So why is there such an apparent loss of potential income? The advertising of apparently high rates of interest, which the small print then explains is only for six months is a good example of how easy it is to misunderstand conditions. There are ways of finding better rates of return. The banks describe their accounts in glowing terms, implying their products are the best in the market. For instance, below are extracts from the CCLA and CAF websites.

**CCLA**

CCLA provides the broadest range of funds designed specifically for charities. We are owned entirely by our charity, faith and local authority clients. We manage business exclusively for their benefit. This puts us in a unique position to help not-for-profit organisations achieve their aspirations and enable trustees to meet their obligations. As pioneers of ethical and responsible investment, we are committed to pushing forward a positive agenda for change on behalf of our clients. We invest money for more charities than any other fund manager in the UK.

**CAF**

Whether you're looking for everyday banking or flexible investment options, you can get all the services and products you would expect from a high street bank, but without the bonus culture and profit focused mindset.

CAF Gold\* gives you instant access to your savings and attractive rates of interest which increase along with your balance – so the more you save, the more you earn.

**Conclusions**

The finance industry doesn't make it easy to obtain a fair deal. This survey suggests that charities should be highly sceptical of the claims of their banks; looking carefully at the small print and considering the whole packages on offer.

CCLA and CAF may be overselling their charity status, and market their products aggressively.

On our survey, with eighty responses, the potential "lost interest" was cf£96,000. i.e. the difference between the rate received and a possible return of 2.25% (Monmouthshire Building Society)

**Details**

A schedule of the results is available from us – please email [info@fouracretrust.org.uk](mailto:info@fouracretrust.org.uk)  
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