

2.21

## **INVESTMENTS AND INTEREST ON FUNDS**

**Policy number: 003A/06/04**

**Scope: The policy provides financial guidelines with regard to investments and interest paid and received at cost points.**

**Policy:**

### **INVESTMENTS**

Funds can be invested on the long or the short term:

#### **Short-term funds**

Short-term funds earn interest at a variable rate that is realised monthly at a variety of deposit-taking institutions.

#### **Long-term funds**

Long-term funds are managed by the University's external portfolio manager. They are invested in shares, government stock and other investment instruments. The income from long-term investments, which is apportioned annually in December, naturally is lower than short-term interest, as a portion of the returns is capital growth. The capital gain or loss is realised and apportioned when funds are withdrawn from the long-term investment pool.

### **INTEREST ON FUNDS**

The non-budget cost points (usually research cost points) receive interest on credit balances and interest is levied on overdrawn balances. The relevant account numbers are as follows:

5705 - Sundry interest receipts

2146 - Sundry interest payments

#### **Contact Division:**

Funds and Assets Control