



BANKING AND INVESTMENT POLICY

Purpose and Scope

The purpose of this policy is to assist in managing the organisation's business banking and investing activities with financial institutions by directing management on what are acceptable practices. The objectives of the Banking and Investment Policy are:

1. To obtain maximum benefit in the Working Account through reduced fees and charges
2. To maximise the earnings received from authorised investments
3. To ensure investments are easily accessible (Liquid)
4. To ensure the security of BPS's capital
5. To ensure contact with banking representatives is frequent and meaningful
6. To advise management of the process to be followed if financial institutions are going to be changed.

Responsibilities

The persons listed in the delegations of authority have the authority to deal with financial institutions on the organisation's behalf and invest surplus funds on behalf of the organisation.

The Commercial Manager/Company Secretary will be responsible for advising the manager regarding investment accounts and ensuring adequate funds are transferred at required times to meet working capital requirements.

The Commercial Manager/Company Secretary will be responsible for managing authorised changes to signatories on working and investment accounts held at financial institutions.

The Manager in consultation with the Commercial Manager/Company Secretary is to review the business banking requirements on a six monthly basis to determine whether the account is continued with the current financial institution or moved to another financial institution.

To change financial institutions will require consultation with the Board. Following Board approval, the change will require two authorised persons as detailed in the Delegation of Authorities Policy to effect the change

Policy Details

INVESTMENT ACCOUNTS

Authorised Investments

1. Interest bearing deposits/securities issued by a licensed and properly regulated Australian Financial Institution (AFI) that is either a bank, building society or credit union.
2. All investments and the AFI in which they are held, must have a minimum credit rating of 'A' or better as defined by Standard & Poor's rating scale

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Standard & Poor's Rating	Definition (simplified)
AAA	Extremely strong capacity to meet financial commitments (<i>Highest rating</i>).
AA	Very strong capacity to meet financial commitments
A	Strong capacity to meet financial commitments, but somewhat more susceptible to adverse economic conditions and changes in circumstances
BBB	Adequate capacity to meet financial commitments, but more subject to adverse economic conditions
BBB-	Considered lowest investment grade by market participants
BB+	Considered highest speculative grade by market participants
BB	Less vulnerable in the near term but faces major ongoing uncertainties to adverse business, financial, and economic conditions
B	More vulnerable to adverse business, financial, and economic conditions but currently has the capacity to meet financial commitments
CCC	Currently vulnerable and dependent upon favourable business, financial, and economic conditions to meet financial commitments
CC	Currently highly vulnerable
C	A bankruptcy petition has been filed or similar action taken, but payments of financial commitments are continued
D	Payments default on financial commitments
	Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) to show relative standing within the major rating categories.

About Credit Ratings

The Standard & Poor's credit rating symbols provide a simple, efficient way to communicate creditworthiness and credit quality. Its global rating scale provides a benchmark for evaluating the relative credit risk of issuers and issues worldwide. The term "investment grade" historically referred to bonds and other debt securities that bank regulators and market participants viewed as suitable investments for financial institutions. The term now broadly describes issuers and issues with relatively high levels of creditworthiness and credit quality. In contrast the term "speculative grade" generally refers to debt securities where the issuer currently has the ability repay but faces significant uncertainties such as adverse business or financial circumstances that could affect credit risk. Securities with a credit rating of 'BBB-' are generally considered to be "investment grade", while those with a rating lower than 'BBB-' are generally considered to be "speculative grade". It should be noted that many well known companies listed on the ASX and other global exchanges are not rated investment grade, but still receive solid investor support.

For a complete list of the Standard & Poor's rating definitions, including issuer credit ratings as well as a related article on Understanding Standard & Poor's Ratings Definitions, please go to www.AboutCreditRatings.com and enter the module titled 'The ABCs of S & P's Rating Scales'.

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Current Investments

The company has three current investments:

1. Interest Bearing At Call (IBAC) Account used to:
 - a. Store excess funds that can be transferred at call into the working account to satisfy cash flow requirements.
 - b. Earn a higher rate of interest than the working account
2. Interest Bearing Term Deposit (IBTD) used to:
 - a. Maintain a monetary reserve of at least \$1 million to ensure liquidity in case of unexpected events
 - b. Store funds for purchase and replacement of capital items.
 - c. Earn a higher rate of interest than the IBAC account.
3. Sugar Terminals Limited Shares:
 - a. Shares provided by issuer

Money invested in the IBAC account can be dealt with at the discretion of the Financial Officer and Manager in order to maximise returns and balance working capital. Funds from the IBAC account can only be transferred into the working account and cannot be used for any other purpose. Withdrawals from the IBAC account must be made by signatories in accordance with the BPS 'Delegations of Authorities policy'.

Money invested in the IBTD account will require board approval prior to reinvestment, withdrawal or any other change being made. Such changes must be made by signatories in accordance with the BPS 'Delegations of Authorities policy'.

Sugar Terminals Limited shares cannot be bought or sold without board approval.

Financial Institution Review and Contact

1. Contact local business banking representative to arrange an appointment
2. Meet with banking representative to discuss the working account and investment accounts.
3. Determine whether the current financial institution is offering products comparable to the marketplace.
4. Notify the board if a change in financial institution is recommended and seek board approval for same.
5. Follow 'Changing Financial Institution's' below

BANKING ACCOUNTS (Working)

Cheque & Online Transaction Approval

1. All payments are to be entered following the 'Supplier Payments procedure'
2. All online and cheque payments must be prepared, reviewed and signed/authorised in accordance with the Delegations of Authorities Policy.
3. Cheques for reimbursement of petty cash expenditure must be signed in accordance with the Delegations of Authorities Policy and the words 'Please Pay Cash' must be written at the top of the cheque and initialled by the cheque signatories.
4. Authorised persons can only be added to the financial institution's signatory list, if they appear in the 'Delegation of Authorities Policy'.

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Credit Cards

1. Only persons authorised in the 'Delegation of Authorities Policy' are to be issued with a credit card.
2. At no time is cash to be withdrawn from a credit card.
3. Credit card statements are to be reconciled by the financial officer. All invoices listed are to be attached to the relevant statement. The cardholder is to check and verify that the details of all charges are correct. Once verified, these transactions have to be examined and approved for payment by another member of management other than the cardholder.

CHANGING FINANCIAL INSTITUTIONS

1. A recommendation to change financial institutions is to be presented to the Board for consultation and discussion.
2. Once the Board resolves to accept changing financial institutions, the new financial institution is to be approached by manager to handle the organisations affairs.
3. After completion of the changeover the Board is to be notified.

Approved by the board of Burdekin Productivity Services Ltd. on 18th April, 2016.

Signed: CJ Hesp (Board Chairman)

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