



Reserve Fund Policy – January 2012

This Policy has been developed with assistance from our internal working documents:-

- ⤴ “U3A Reserves Policy Background – November 2011” and
- ⤴ “Discussion of Reserves – January 2012”.

The Trustees recognise that they have a legal, regulatory and moral responsibility to establish a reserves policy, and a right under the constitution to do so.

The Trustees have identified the risks to the U3A's income streams which could lead to insolvency. They consider that to mitigate such events a suitable Reserve Fund should be established and maintained, whilst ever it is in the U3A's best interests to do so.

The extent of such a reserve will be determined by analysis of likely future needs, opportunities, contingencies or risks and the assessment of the likelihood of the charity not being able to meet the financial consequences of those events.

The Trustees are informed by frequent management accounts, reporting recent performance and forecasting future levels of income and expenditure, and annual Examined Accounts. They make judgements as to the reliability and extent of each source of income and prospects for new sources, as well as considering the extent of future activities in deciding the level of reserves they believe the U3A needs to hold.

A cash reserve is maintained by adjusting the levels of income relative to expenditure as far as is reasonably possible. Management is also exercised over the levels of discretionary expenditure as appropriate. Additional income streams are sought as and when necessary.

The Trustees consider it prudent to review their underlying documents and financial forecasts in order to re-calculate the reserve figure on an annual basis, or more frequently if circumstances change significantly.

Policy adopted at committee meeting dated 19 January 2012.