RESERVES POLICY

V1

1. Purpose

The purpose of this document is to state the London Region of u3as (LRU3A) policy with regard to reserves (unrestricted funds) and to allow this to be viewable by the membership. This policy considers what sum (minimum reserves) is needed for expenditure to cover its liabilities in a winding-up of the Trust in an emergency situation and other risks.

2. Scope

The scope or extent of our reserves is to cover the operation of LRU3A.

3. Requirements

The requirement for a minimum level of reserves is defined within the Charity Commission Guidance (CC19): 'How to set a reserves policy for your charity': https://www.gov.uk/government/publications/charities-and-reserves-cc19 This states: "*Reserves - the funds a charity keeps in reserve - can strengthen a charity's resilience against, for example, drops in income or the demands of a new project*." The guidance advises that there is no fixed amount for a charities minimum reserves level.

All charities are required to publish their reserves policy and a significant proportion of them state their policy as being 3-6 months expenditure, however published policies can range from 1 month to 12 months of expenditure depending upon the charities particular circumstances.

4. Basis

LRU3A has very limited income streams, and also limited commitments, long being long term commitments. Minimum Reserves are meant to cover a range of items including, but not limited to:

- An unexpected fall in income
- An unforeseen emergency
- Contingency fund to meet unforeseen operational costs
- Running costs to allow a managed closure of the u3a (including staff salaries)
- Costs of outstanding commitments e.g. a lease or rental agreement
- Capital commitments e.g. purchase of fixed assets
- Closure of any Contracts

This list is not exhaustive and the specifics will vary according throughout the year.

5. Conclusions

Actual free (unrestricted) cash asset levels will vary throughout the year and hence over one year to the next. It is the long term trend that needs to be monitored to ensure adequate reserves are available. However a minimum reserves requirement will be checked every year (and declared as part of the Annual Accounts). If it appears that reserve levels in the forthcoming year could fall below requirements then a review of income and expenditure will be undertaken.

LRU3A's calculations and considerations, largely based on 6 months expenditure, that the minimum level of reserves required is £12,000.