

PD11

BISHOP'S STORTFORD UNIVERSITY OF THE THIRD AGE.

RESERVE POLICY:

INTRODUCTION:

The Third Age Trust requires all U3A committees to develop a policy on reserves which:

- States the target of reserves in terms of months running costs,
- explains why the target has been agreed, and
- states what reserve money can be used for.

TARGET OF RESERVES IN TERMS OF MONTHS RUNNING COSTS

The Third Age Trusts view is "it would be hard to imagine that any U3A could need more than 6 months running costs as a reserve and even this would be considered by some to be unnecessarily high.....as a high level of reserves may affect your chance of outside funding."

The executive committee has agreed that Bishop's Stortford U3A reserves should be maintained within the range of:

2 months to 5 months of free cash based on unrestricted expenditure.

EXPLANATION OF TARGET

Cash flows at Bishop's Stortford U3A are fairly predictable and the higher figure of 5 months may be exceeded if specific risks have been identified by the trustees. For example a number of years ago Bishop's Stortford U3A hosted a 25th anniversary tea, (open to all members at no cost), for which additional free cash reserves were held.

WHAT RESERVES CAN BE USED FOR

Free cash reserves shall be applied only in advancing the education of people in their 'third age' (as defined in the governing document) residing in Bishop's Stortford and surrounding locality.

CONCLUSION

This policy shall be reviewed from time to time as necessary and in any event at least once a year

SIGNED

CHAIRMAN, BISHOP'S STORTFORD U3A

7th March 2017

U3areservepolicy