

PN 13. Reserves Policy

1. Definition.

Reserves are the accumulated gains and losses generated since the formation of the Exmouth and District U3A. They are represented by the balance in the bank account(s).

2. Level of reserves.

Whilst there is no firm ruling on what is an appropriate level of reserves an individual U3A should maintain, there is a view from the Third Age Trust (TAT) that they would not expect an individual U3A to hold more than approximately 6 months of general expenditure. General expenditure excludes social expenditure such as the Christmas lunch.

The responsibility for setting the level of reserves and maintaining that level lies with the committee of the individual U3A.

The Exmouth & District U3A committee decided at their meeting on the 5 February 2019 to accept the TAT recommendation and set the reserves level at approximately 6 months expenditure.

3. Use.

The reserves are held:

- to give the U3A a firm financial foundation.
- to cover unexpected day to day situations such as significant, unexpected cost increases, equipment purchase or maintenance.
- to ensure the continued survival of the charity in the event of a sudden drop in the level of membership.
- to ensure that there are sufficient funds to allow a managed closure of the charity should this become necessary.

4. Review.

The level of reserves must be reviewed annually, ideally with recommendations made at the October committee meeting for ratification at the November meeting. The agreed actions would then be implemented in the following financial year which is the year beginning on the next 1st April.

This timing will allow the Treasurer to compile a meaningful budget for the coming year and make appropriate recommendations as to whether the reserves are adequate or need to be

increased or decreased. It will also allow committee members elected in the previous May to have a good understanding of the charity and how it functions. Finally it will allow time for any changes to the membership fee to be implemented (for example, due to beacon charges increasing).

If it is felt that the level of reserves is falling to an unacceptable level, then actions to increase them might include increasing the membership fee, or perhaps investigating if there are any on-going costs which could be reduced or perhaps proposed events might be cancelled.

If it is felt that the level of reserves is rising to an unacceptable level, actions such as reducing the membership fee, purchasing additional equipment or undertaking a specific project could be considered.

5. Dissolution.

In the situation where the Exmouth & District U3A needed to be wound up, no further membership fees or renewals would be accepted and any outstanding payments would be made.

Any remaining funds would be distributed by the committee (or closure committee if appointed) having regard to the Constitution dated 9 May 2013. The Constitution provides that any surplus remaining shall be distributed to one or more local U3As with similar charitable purposes or sent to the TAT.

Approved by Committee: 5 March 2019

Signed:

Date: