

FINANCIAL RESERVES POLICY

1. There is a need for every charity to hold financial reserves to cover the risk of income not continuing as anticipated and the risk of any unforeseen costs arising.
2. In the case of Lyme Regis u3a there is a specific risk in that the only source of income is derived from subscriptions.
3. In accordance with the requirements of the Charity Commission, our Constitution under section 18, 'Powers of Trustees', states in para 18 (1) (h) "to set aside income as a reserve against future expenditure but only in accordance with a written policy about reserves". This document is that policy.
4. The figures in round terms for the most recent accounting year (1 September 2022 – 31 August 2023) are as follows.

Income

Subscriptions	£5,400
Gift Aid ¹	£1,200
Total	<u>£6,600</u>

Expenditure

Lyme Regis U3A Core Costs ²	£5,100
Lyme Regis Sundry Costs	£1,500
Annual Costs to operate (estimated Total)	<u>£6,600</u>

5. As a prudent operating measure therefore, a sum that equates to approximately 1½ years subscriptions should be held in reserve to ensure that in the event of derived income being interrupted, Lyme Regis U3A can continue operating for at least 12 months.

Reserve **£8,000**

6. A further amount equating to 20% of the reserve figure should also be retained to cover any unexpected operating costs during the same period of interrupted income.

Additional cost buffer **£1,600**

Total Operating Reserve **£9,600**

The figures informing this policy are derived from the accounting figures for 2023 and as such, in the event of changes to the operational profile of Lyme Regis U3A, may be amended by resolution and confirmation by the Lyme Regis U3A committee.

7. This policy was formally adopted by the Committee on 4 January 2024. It will be reviewed before each AGM.

¹ Gift Aid figure in Statement of Accounts 22/23 covers two years

² Beacon, hire of halls, lectures, Third Age Matters subscription, U3A Trust capitation