



## General Meeting, 23<sup>rd</sup> November 2017

### FINANCIAL RESERVE POLICY

This document forms part of the Financial Regulations of ADEPT, and as such should only be amended or varied by agreement of the current ADEPT Leadership Team.

#### Types of Reserves

Financial Reserves shall be set aside on an annual basis to provide ADEPT with financial stability. Since ADEPT is relatively small, a modest change in the budget in any one year may have a disproportionate effect on the trading position of ADEPT. This Reserve Policy is intended to minimise that effect.

**Specific Reserves** shall be built up over a period of time and earmarked for specific items of expenditure to meet known or predicted liabilities or projects. Specific Reserves may be used to 'smooth' the effects of certain expenditure commitments over a period of time, thereby reducing the impact of significant expenditure in any one year.

**General Reserves** shall also be built up over a period of time to provide ADEPT with sufficient funds to cover unexpected or unforeseen expenditure or emergencies.

**Surpluses** in excess of the amounts required for reserves, accrued as a result of activities being postponed or cancelled, may be spent, earmarked or placed into General Reserves at the discretion of ADEPT Leadership Team.

#### The creation of Specific Reserves

Specific Reserves may be created for general revenue items and may include one-off items. The item should be identifiable but the cost may not be exact. Specific Reserves should only be created where the funding requirement is to be raised over two or more financial years.

#### How and when the Reserve can be used

**Specific Reserves** shall be used only for the purpose for which they are created.

The use of **General Reserves** must be authorised by ADEPT's Leadership Team. Where the reserve amount has arisen as a result of excess funds through cancelled or obsolete activities, ADEPT may elect to use these funds for another purpose for which no other budget is available.

Specific and General Reserves are not available for general revenue purposes.

## **Procedures of the management and control of Reserves**

Movement in Specific Reserves and General Reserves shall be reported to ADEPT Leadership Team on a regular basis as part of the normal accounting reporting.

### **Review of level of Reserves**

The level of **General Reserves** shall be reviewed on an annual basis during the annual budgetary review.

**Specific Reserves** shall be reviewed on an individual basis and also as part of the annual budgetary review.

## **Level of Reserves required by ADEPT**

### **Specific Reserves**

There are no known Specific Reserves at this time.

### **General Reserves**

A general Reserve shall be built up over time to provide ADEPT with sufficient funds to cover unexpected or unforeseen expenditure or emergencies, and to meet its legal, statutory and proper duties and responsibilities. This may include:

- Making provision for payment of notice to staff if required
- Making provision for redundancy obligations and any exceptional future costs of investigations and disciplinary hearings
- Providing for short term cash flow difficulties
- Providing for repayment of any membership subscriptions

It is recommended to aim to maintain a General Reserve equivalent to at least 3 months costs of staff and associated consultants if required. The reserves recommended are:

Salary for Chief Operating Officer	£23,000 (3 months provision)
Redundancy provision	£31,000 (based on continuous service)
Support Officer	£1,500 (3 months provision)
Finance Adviser	£1,500 (3 months provision)
Total (exc. repayments)	£57,000
Current reserve	£56,224

In line with the revised Constitution, no subscription fees will be refunded once paid.

June Meadows, ADEPT Finance Officer, November 2017