

## Reserves Policy

### Category: Finance

#### 1. Purpose

The purpose of this document is to state Waltham Abbey u3a's policy with regard to cash reserves and to allow this to be agreed by the Committee and viewable by the membership. This policy considers what sum is needed for expenditure to effect the orderly winding-up of Waltham Abbey u3a in an emergency situation.

#### 2. Scope

The scope or extent of our reserves is to cover any planned commitments or unforeseen emergencies or unexpected bills related to services used by Waltham Abbey u3a or group activities provided by Waltham Abbey u3a. These funds will exclude any assets held for Waltham Abbey u3a use and would not be used to meet future deficits. Amounts set aside for future spending are also excluded from the reserves.

#### 3. Requirement

The requirement for reserves is defined within the Charity Commission Guidance (CC19): 'How to set a reserves policy for your charity': <https://www.gov.uk/guidance/charity-financial-reserves> The guidance advises that there is no fixed amount for a charities reserves level.

Reserves are regarded as being the amount of money needed to function for at least the next 6 months minimum to allow orderly closure, and to fulfil all obligations arising in that period.

#### 4. Basis

The assumption is made that the decision is made to wind up the Group at the worst possible time of year with regard to cash flow. This would be before the main period of income gathering (from membership fees) period but with the maximum liabilities, ie in the first-financial quarter. The previous year's expenditure and next year's budget (expenditure) will enable a best guess of what level of reserves are desirable. Reserves can be unrestricted and restricted cash assets.

Reserves are meant to cover a range of items including, but not limited to:

- Running costs to allow a managed closure of the u3a
- 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 accordingly throughout the year.

## 5. Conclusion

Actual free 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 an actual reserves requirement will be calculated 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.

For the financial year 2026/2027 the Committee has set the reserve amount at £5000.

This policy will be reviewed annually by the Committee and updated accordingly.

This policy was adopted on: 03.03.2026

Print name: Amanda Miles

Committee role: Chair

Policy review date: on or near 03.03 2027

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