



## **Reserves Policy**

### **Overview**

This policy explains why we hold a certain amount of our money in cash reserves, why we hold the level we hold, and how this policy will be reviewed.

### **Why York St John Students' Union holds Reserves**

As a sensible and professional organisation, we feel that it is important that we keep some cash held in reserve. This would be available should any unforeseen circumstance occur or if we needed to wind up the business.

As we are a membership organisation, we feel that each year the majority of our income should be returned to the membership in terms of the services that we provide for them. However, it is prudent for us to budget to create a small surplus each year to ensure that we are living within our means. This is a principle that we expect to continue into the future. Our reserves have previously been used to fund capital building projects within the Union and again, we would expect this to continue into the future.

### **Level of Reserves we hold**

#### **Unrestricted funds**

We believe that the level of held reserves should be £100,000. This amount of money provides us with 90 days for spending power should all of our income streams disappear (both commercial revenue and University grant).

We currently hold £319,636 in our reserves (£48,560 is in fixed assets). We have forecasted our financial performance for the next four years and anticipate deficits on our accounts for the next two years. This means that by 2012 the reserve pot will be £161,076 (not including fixed assets). Including the suggested work outlined in the Building Development Plan it will reduce this number to around £91,000 as cash in hand (however, fixed assets will likely increase due to the developments within the building.)

We are therefore still on track to achieve our target of £100,000.

#### **Designated funds**

As part of the reserves, the Union holds aside a pot for Building Development. The purpose of this fund is to support improvements to the physical building. This fund is only to be spent on this type of project

We currently hold £81,330 in our Building Development fund. The Building Development fund should never:

- Be more than 25% of our annual expenditure (Currently £80,705 of £322,820)
- Be less than 6% of our annual expenditure (Currently £19,369 of £322,820)



If the amount in the fund is more than 25% of expenditure, immediate action should be taken to plan building developments that will reduce this amount. If the amount in the fund is less than 7% of expenditure, moves should be initiated to transfer monies from the unrestricted reserves to this amount to increase the fund to back inside the acceptable limits (where available).

**Arrangements for reviewing this policy**

At any time this policy can reviewed should the chair of the Trustees receive official notice from either two of the Trustee Board or three members of the Finance Committee. An updated version of the policy with the latest figures in light of any capital expenditure and after the end of year accounts have been produced should be sent to the Trustee Board each year to note.

In the event that this does not happen, the policy should be reviewed every three years – making the next review date no later than November 2012.

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