

## **RESERVES POLICY FOR ABINGDON LEARNING TRUST**

### **PURPOSE**

The purpose of the reserve policy for ALT is to ensure the stability of the Academy's organisational operations, to protect it so that it has the ability to adjust quickly to financial circumstances, such as large unbudgeted expenditure, cyclical maintenance and working capital.

### **DEFINITIONS AND GOALS**

#### **Restricted Reserves**

Restricted reserves are represented by the main income for the Academy which is General Annual Grant (GAG), other grant contributions or donations that are received for a specific project or purpose. These funds are restricted for the use according to the funding agreements or donors instructions.

All reserves are reported and reviewed regularly at management meetings and expenditure from reserves approved by the Trustees.

#### **Unrestricted Funds**

These are made up of the academy's activities for generating funds, investment income and other donations which are expendable at the discretion of the Trustees in furtherance to achieve the objectives of the Academy.

The Academy is confident that it will meet the required pension contributions from its projected income without significantly impacting on its planned level of charitable activity, it continues to calculate its 'free' or general unrestricted reserves without setting aside designated reserves to cover the pension liability.

These funds will be reviewed regularly by the Trustees and Finance Committee and are obtained through one off donations and are generally built up over time from fund generating activities and investments.

### **LEVEL OF RESERVES**

The level of reserves will be determined by Trustees annually and can fluctuate depending on operational needs but the Trustees have determined that the Academy should aim to have a minimum of £25,000 for each school held in reserves. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

### **USE OF RESERVES**

## **1. Identification of appropriate use of reserve funds**

The Trustees, Governors and staff will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserve as described in this policy. This step requires analysis of the reason for any shortfall, the availability of any other sources of funds before using reserves and evaluation of the time period that the funds will be required and replenished.

## **2. Authorisation of use of reserves**

Authorisation to use reserves of any kind will be made by the Finance Committee, at the next available meeting the approval should be noted in the minutes.

## **3. Reporting and monitoring**

The Trustees are responsible for ensuring that the funds are maintained and used only as described in this policy. Upon approval for the use of these funds, the Academy will maintain a record of the use of the funds. The Finance Committee should regularly monitor the progress of the reserves.

### **Review of this policy**

The Board of Trustees through its Finance Committee review this policy every 3 years. It may however review this policy earlier than this if the government produces new regulations, or if it receives recommendations on how this policy might be improved.

**Approved by Finance Committee of the Board of Trustees of ALT on 11 July 2017.**

**Signed:** (Chair of Trustees)

**Signed :** (Chief Executive Officer)

**Date for Review: July 2020**