



Making an impact in mental health in Nigeria

Policy	Reserves Policy
Policy Date	September 2023
Renewed	Annually
Responsibility	Finance Committee
Lead	John Pennells

Amaudo UK Reserves policy

1. Purpose of a reserves policy – general

The purpose of a charity's Reserves Policy is to explain to the Charity Commission, major funders, donors, the charity's beneficiaries and the public at large why the charity is holding unspent charitable funds (whether a bank or deposit account, or other form of investment) instead of spending it immediately on promoting the charity's charitable activities for the public benefit.

2 Purpose of a reserves policy - Amaudo UK

The purpose of the Reserves Policy is to ensure that should Amaudo UK (AUK) face a significant loss of income there are sufficient funds to meet any known or foreseeable costs eg paying out of Restricted Funds, salary costs, redundancy costs and any other regular commitments that cannot be immediately terminated. As part of assessing the necessary reserve, a risk analysis of income streams will indicate vulnerabilities which will inform decisions on the level of reserves to be held.

3. Review of policy

The level of Reserves should be set on an annual basis, reflecting the current assessment of risks to income and possible expenditure demands to ensure that Amaudo UK remains viable.

4. Calculating Reserves

Restricted funds as identified in the management accounts.

Monthly running costs to cover 3 months

((current monthly costs) – (current monthly Amaudo UK standing orders)) x3 = **3 months running costs**

Potential redundancy costs – there would be due warning of such a significant change in Amaudo UK fortunes and it would be reasonable to acknowledge the risk, assess it as unlikely and therefore not add a sum to the reserves.

5. Formula

Restricted Funds + 3 Months Running Costs = reserves