

Basingstoke - Old Basing u3a

Reserves Policy, updated August 2023

Reserves are held to enable Basingstoke - Old Basing U3A to withstand unexpected events and fluctuations in income and expenditure.

With many charities, the major provision for a reserve is for situations if and when they lose their only physical premises due to fire or flooding, or the landlord goes into administration. They also cover human resources expense and commitments where there are employees of the charity. None of these apply to Basingstoke - Old Basing u3a, as we use many different premises and have no employees.

However, there are a number of risks that we should make a reserve for:

1. Reserve for loss of lease already paid for if the venue becomes unusable or the landlord folds - £1,000
2. Reserve for the loss some of our assets through fire or flood - £795
3. Reserve for the loss of income as a result of a major decline in membership (200 x £38) - £7,600
4. Reserve to cover payment of invoices from June 1 to mid-August or September when the new year's subscriptions are paid. (Say 2 months at £34,000 pa) - £5,667 (I actually paid out £6,296 this year before getting any subscription income).
5. Loss to the Excursions if a booking is cancelled and we cannot claim on the venue's insurance - (say 50 x £50) - £2,500

Total if all occur together in the same year

£17,562

However, it is highly unlikely that all of these would occur in the same year, so a conservative reserve would be £15,000, which is what we already have.

Given that we started this year with £50,000, it has been decided to run deficit budgets for the next four or five years to use up these excess funds. The plan for 2023-24 is to have a deficit of at least £6,000.

Tony Summers
Treasurer
26th August 2023