

Policy on Monetary Reserves

Aberdeen u3a Financial Reserves Policy

1. Background

Reserves are needed to ensure continuity in the event of a sudden drop in income, to cope with unexpected and unplanned increases in expenditure, to cover future equipment demands and to deal with emergency situations. They provide a contingency for expenditure over and above day to day commitments and other planned outgoings.

The Third Age Trust finance matters guidance of 2025 states that: *“There is no fixed amount for a u3as reserves level. Reserves are regarded as being the amount of money needed to function for the next 6 months minimum and to fulfil all obligations arising in that period. Some u3as choose a 12-month operating period as a safe target which is a very conservative approach, even a 6-month period may be high.*

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*
- *Capital commitments e.g. purchase of fixed assets*
- *Closure of any Contracts*

This list is not exhaustive and would vary according to the time of year”

2. Aberdeen u3a financial reserves

Based on current patterns of income and expenditure, a reserve of £7,000¹ should cover the annual cost commitments and six months of running costs of Aberdeen u3a.

Total annual payments for Third Age Trust memberships, magazine and licences, newsletter printing and posting on average amount to **£2,350**.

Ongoing running costs are around £8,650 mainly to pay for meeting rooms for groups and monthly talks. These bills are paid on a monthly basis with no penalties incurred if cancelled at least 28 days in advance. To cover six months of these running costs Aberdeen u3a will require around **£4,500**.

3. Monitoring and reporting of actual forecast reserve levels

It is the responsibility of the treasurer to monitor actual levels of reserves and to report to the committee in a timely fashion in the event that there is a significant deviation from forecast levels of reserves due to unexpected (high or low) income and/or expenditure.

¹ Sum of annual payment of £2,350 and 6 months of running costs of £4,500 is £6,850 rounded to £7,000

4. Actions to correct inadequate or excessive levels of reserves

It is the collective responsibility of the committee to agree actions to correct a forecast or actual level of reserves that deviates from the target. Agreed actions must further the interests of Aberdeen u3a.

Actions may include:

- An adjustment, up or down as appropriate, to the following year(s) membership fees
- An adjustment, up or down as appropriate, to the following year(s) recovery of room hire charges from our members
- The purchase of assets beneficial to the ongoing operation of Aberdeen u3a, e.g. equipment, software licenses

Approved May 2026