An Daras
Multi Academy Trust

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Reserves Policy

The An Daras Multi Academy Trust (ADMAT) Company

An Exempt Charity Limited by Guarantee

Company Number/08156955

Status: **Approved**	
Recommended	
Statutory	Yes
Adopted v1.0	**Sep 2014**
Reviewed	**7 Nov 2017**
Next Review	**Nov 2018**
Advisory Committee	FSD
Linked Documents and Policies	EFA Academy Financial Handbook Charity SORP ADMAT Pecuniary Interests Policy 16 ADMAT Investment Policy 16

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Introduction

Where reserves are held, it is a requirement of the charity accounting regulations that charity trustees must state their reserves policy in their annual report. Further details may be found in Accounting and Reporting by Charities: Statement of Recommended Practice 2005 (Updated 2008); commonly referred to as the Charity SORP. Academy schools as exempt charities must comply with these regulations.

Guidance on reserve policies and their reporting requirements is contained in the Education Funding Agencies (EFA) annual Academies Accounts Direction.

Policy

The directors review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The directors will always try to match income with expenditure in the current year (set and manage a balanced budget), will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the pupils.

The directors have determined that the appropriate level of free reserves should be equivalent to one to two month's payroll cost, in the range of £280,000 to £560,000 plus any additional increase following new schools joining the MAT in year. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long term sickness where unforeseen costs are incurred.

ADMAT will monitor the level of reserves to ensure they are maintained at the required level. In the event they are partly used the Academy will strive to rebuild free reserves up to the level needed. ADMAT will only accumulate reserves to ensure the vision and aims of the Trust can be met.