



An Daras Trust  
Igniting Curiosity Growing Capabilities

# An Daras Multi Academy Trust

## Reserves Policy

The An Daras Multi Academy Trust (ADMAT) Company

An Exempt Charity Limited by Guarantee

Company Number/08156955

|                               |  |
|-------------------------------|--|
| <b>Status: Draft</b>          |  |
| Recommended                   |  |
| Statutory                     | Yes  |
| Adopted v1.0                  | <b>Sep 2014</b>  |
| Reviewed                      | <b>6 Oct 2021</b>  |
| Next Review                   | <b>Oct 2022</b>  |
| Advisory Committee            | FSD  |
| Linked Documents and Policies | ESFA Academy Financial Handbook<br>Charity SORP<br>ADMAT Pecuniary Interests Policy<br>ADMAT Investment Policy |

## **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 and a Trust Risk Register fund of up to 10% of the reserve to help mitigate highly rated risk areas identified through Trust risk management procedure. So total reserves in the range of £425,000 to £650,000 are required to allow for any additional increase following new schools joining the Trust in year or to cover unknown or significant emergency related risk issues e.g. national pandemic recovery costs, major capital project requirements not part of scheduled work. 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.