



The Nayamba Trust Reserves Policy

Statement of Intent

The Nayamba Trust (TNT) is committed to ensuring that it manages its finances in a responsible and prudent way for benefit of all beneficiaries, present and future.

Reasons for a Reserve Policy

It is deemed to be good practice for charities to regularly assess how much they should keep in reserve and on what terms. Reasons for holding reserves include:

- To fund shortfalls in income, when income does not reach expected levels
- To fund unexpected expenditure, for example when projects overrun or unplanned events occur;
- To fund working capital;

Policy

The Trustees consider that in order to protect the charity against fluctuations in income and to meet possible urgent and unbudgeted needs at the school, a level of reserves equivalent to 6 months of normal TNT expenditure is the minimum that the charity should have at any one time.

The Trustees are also conscious of the many needs at the school so feel that excessive reserves should also be avoided unless there is a good reason for doing so. The maximum level of reserves should therefore not exceed 12 months of normal TNT expenditure.

These reserves form the short-term reserves of the charity and therefore, security of, and access to such funds is of paramount importance. These short-term reserves must be held in an instant access deposit facility of a UK banking institution covered by the Financial Services Compensation Scheme.

The Trustees have ambitious plans to further develop the educational opportunities to the children of Nayamba School. Some of these plans will incur significant expense which may take a long time to accumulate before being expended. In such situations, the Trustees will create designated funds for the accumulation and easy identification of such money. Designated money will be excluded from the calculation in determining the current level of reserves that TNT holds at any one point in time.

Designated funds may be considered medium term funds if expenditure is not expected within 12 months and long-term funds if expenditure is not expected for at least 3 to 5 years.

The Trustees may consider term deposits for medium term funds in order to achieve a better return than available on instant access accounts. Any form of investment into any financial instrument other than deposit based accounts must not be made without taking formal advice in accordance with Charity Commission guidelines and within the parameters of the charity's governing document.

TNT will consider applications for capital expenses but only to the extent that the Trustees consider there are sufficient reserves remaining to meet any unexpected need arising. Only in extremely rare and exceptional circumstances would the Trustees permit the reserves to drop below 6 months of usual expenditure.

In the event of a significant capital sum being required that can't be funded through short term working capital, the Trustees would consider a capital fundraising appeal with any funds raised held in a designated account pending disbursement.