



**Accountable
Now**
GLOBAL STANDARDS LOCAL TRUST

Reserves Policy



1. Introduction

Operational reserves are held to ensure that Accountable Now operates effectively and is financially sustainable. They act as a safety margin and allow for flexibility in managing Accountable Now's resources. The calculation of the required level of reserves is an integral part of the organisation's planning, budget and forecast cycle.

2. Risk assessment

Risks associated with income different from that originally budgeted include:

- (i) loss of Accountable Now Members (however, operations can be adjusted in time due to the withdrawal deadline of 01 September for the coming year);
- (ii) Members not paying their Membership fees without officially leaving Accountable Now;
- (iii) termination of agreements by donors;
- (iv) lower income due to exchange rate loss,
- (v) unforeseen or unusual expenditures include fees for legal advice or representation, maternity leave and sickness cover.

3. Statutory reserves

As a company limited under UK law and according to Accountable Now's Articles of Association (5. Liability of Members), Accountable Now is required to hold minimum statutory reserves of £1 per Member. This amount must be available immediately in any given moment. As Accountable Now currently has 28 Members, this means ca. 28 €. Each new Member will add £1 to the statutory reserves and these should be kept at the level of 50 € to allow for new Members.

4. Operational reserves

Accountable Now's obligations as administrator of the Membership and in accordance to the service and cooperation contracts with the International Civil Society Centre should be covered by appropriate reserves. Generally, the operational reserves should cover six months of operating costs.

Accordingly, the most appropriate level of reserves should be adapted annually to be kept at a minimum level of 50% of the total amount budgeted to cover the Secretariat's basic costs. These costs include salaries and overheads (equipment, office space, lighting, internet and any other related operating costs).

5. Investment of reserves

Accountable Now's overall motive for making investments is financial returns on its savings and reserves. Sustainability of possible investments and the adherence to ethical benchmarks need to be secured and maintained through agreed and sector standard disqualification criteria.

Last updated and approved by the Board on 01 July 2014



6. Monitoring

Accountable Now's level of reserves is monitored by Accountable Now's Secretariat and the Treasurer on a quarterly basis, reported to the Board on a yearly basis, and presented within the audited annual financial statements of the organisation. **The desired levels of reserves will be achieved in a 3-year period. Once achieved, should projections indicate that the reserves might fall below 50% of the total amount budgeted to cover the Secretariat's basic costs, Accountable Now's Secretariat will notify the Board of Trustees for consultation.**

Last updated and approved by the Board on 01 July 2014