

# Co-operative Assistance Network Limited

## Reserves Policy

### **Preamble**

This policy is being adopted to make sure that financial decisions made by directors (and members) are made whilst maintaining a pre-agreed minimum level of reserves.

### **Available Reserves**

Note that retained profits and member shares both contribute to the shares held that are available reserves.

The available reserves are:

- Net worth

Less

- Fixed assets
- Doubtful debtors
- Contingent liabilities (e.g. projects where money may need to be repaid or more work may need to be done).

### **What the Available Reserves need to cover**

- Redundancy liability: enough reserves need to be available to cover the redundancy costs for the most expensive worker.
- Pay for periods of sick and other non-holiday and non-new parent leave: enough reserves need to be available to cover three months of sick leave for the most expensive worker.

### **The Policy**

The Directors, on behalf of the members, (and members in General Meetings) need to make financial decisions that ensure there are enough available reserves to cover the redundancy costs of the most expensive worker plus the costs of three months of sick leave of the most expensive worker. The Head of Finance will keep a record of the available reserves required.

This policy will be reviewed every three years.

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Responsible Department: Finance

Implementation Date: 21 October 2011

Review period: 3 years

Next review due: 21 October 2014

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Agreed at Directors Meeting of [unknown]

Passed at Members Meeting of 21 October 2011