



## RESERVES POLICY (ASSET RISK MANAGEMENT)

### **General Principle**

As this charity had no property or fixed assets, the Trustees consider that it is not appropriate to hold a prescribed amount of money in a Reserve Fund, distinct from its General Fund, but that different measures should be set in place. These measures are designed to prevent the charity from incurring costs which it cannot meet and ensure that sufficient stock is available to meet all its commitments.

### **Background**

The main assets of this charity are cash in the bank, and the stock of the three types of Bibles awaiting distribution to pupils in primary schools. When book stocks are high, the cash level can be relatively low. Conversely, when stock levels are low, the cash assets need to be high to finance further printings.

### **Criteria**

To function effectively and efficiently, our experience has shown that three conditions need to be met:

1. The cash balance should be greater than 6 times the total value of one month's regular invoices.
2. The stock of Bibles should be greater than the average number of each title used in 4 months.
3. The value of Bibles in stock plus cash balances in the bank should be greater than £120,000.

### **Control Mechanism**

Approximately half of the number of Bibles we present are sent as First Presentations to pupils in schools which have applied to join us. The acceptance of these applications and the timing of the despatches is completely under our jurisdiction. This provides us with an effective method of controlling a major outflow of assets.

This mechanism is used to reserve existing stock for Follow-on presentations until the income from Follow-on orders and from donations has built up to the level which enables normal operations to continue, or the delivery of a new printing of Bibles has been received.

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The Trustees reviewed and approved this policy on 24<sup>th</sup> October 2024. It is due for review in October 2025 or earlier if the need arises.

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