



Reviewed 11 February 2025

NLN Reserves Policy

NLN Trust has established this reserves policy to protect its activities by providing financial buffers against an unpredictable environment and to make sufficient provision for future cash flow requirements that may be needed in support of its Nepal Charity activities

The policy also aims to provide the framework for future strategic planning and decision making.

An effectively implemented reserves policy will mitigate the impact of any risk upon the continuing operations of the Trusts activities caused by funding uncertainty .

This policy and the establishment of reserve targets is based on a continual assessment of the internal and external operating environment which is reviewed at each Trustee meeting, and is informed by Nepal personnel on a regular basis.

This Trust uses all funding for the full benefit of its activities in support of its Nepal activities (define ??).

The Charity Commission reminds trustees that:

- Charity law requires any income received by the Trust to be spent within a reasonable period of receipt.
- A good reserves policy takes into account the Trust's financial circumstances and other relevant factors.
- It is good practice to monitor the level of reserves throughout the year.

Policy Principles

The following principles underpin the Trust's approach to reserves management:

- The Trust aims to project the cash needs of its charitable activities in Nepal on an ongoing basis with annual cash flow budgets being produced ahead of the following year, endeavouring to set a balanced revenue budget every year for the following financial year.
- The Trust aims to carry a cash balance of not less than 3 months operational costs.

- The Trust aims to carry sufficient reserves for the needs of its UK operations in support of its Nepal operations.
- The Trust aims to carry reserves which may be needed for capital projects within its Nepal activities.
- The Trust's reserves balance should only decrease due to capital investment and or other organisational needs which shall at all times be approved by the Trustee Board.
- If the Trust has a substantial surplus, we aim to have a clear plan for how it will be used to benefit Nepal activities, for example, a long-term capital project or further supported outreach and child educational support.

Rev Nick Armstrong

Chairman, NLN Trust, Charity No. 1158988