



## Reserves Policy

<b>Date approved:</b>	3 December 2025
<b>Approving body:</b>	Utopia Board of Trustees
<b>Review date:</b> <small>This will take place annually.</small>	3 December 2026
<b>Lead contact:</b>	Mojisola Kareem

### Policy Context and Statement of Intent

#### **Context and intent of the policy**

To provide assurance that the finances of Utopia Theatre are actively managed and its activities are sustainable.

#### **Purpose:**

To provide explanation to trustees and funders on the level of reserves Utopia has.

## Introduction

This Reserves Policy outlines the principles and practices that Utopia Theatre as "the Company" will follow in maintaining its financial reserves. As a registered charity, it is essential for the Company to ensure financial stability and sustainability to support its mission of delivering high-quality theatrical productions and community engagement.

## Purpose of the Reserves Policy

The purpose of this policy is to:

1. Ensure Financial Stability: To provide a buffer against unexpected financial challenges.
2. Support Long-term Planning: To allow for strategic planning and investment in future projects.
3. Maintain Operational Continuity: To ensure that the Company can continue to operate effectively during periods of financial uncertainty.
4. Comply with Regulatory Requirements: To meet the expectations of our funders, stakeholders, and regulatory bodies regarding financial management and sustainability.

## Definition of Reserves

Reserves are defined as unrestricted funds that are freely available for the Company's use. These funds can be drawn upon to cover operational costs, unexpected expenses, or to invest in projects that align with the Company's mission.

## Reserve Levels

The Company aims to maintain unrestricted free reserves equivalent to **between three and six months of normal operating expenditure**. The monetary value of this target will be reviewed and recalculated annually following approval of the charity's annual accounts and budget.

The Trustees recognise that reserve levels may, at times, fall below or exceed this target due to strategic investment, the timing of grant income, or other operational factors. Where this occurs, the Board will consider the reasons for the variance and any actions required to ensure the long-term financial sustainability of the charity.

This target will be reviewed annually, taking into account:

- Changes in operational costs.
- Anticipated income fluctuations.
- Strategic initiatives or projects planned for the upcoming year.
- The charity's overall financial position and risk profile

## **Types of Reserves**

1. General Reserves: Funds available for any purpose, providing flexibility in financial management.
2. Designated Reserves: Funds set aside for specific projects or initiatives, as identified by the Board of Trustees.

## **Management of Reserves**

1. Annual Review: The Board of Trustees will review the reserve levels annually during the budgeting process.
2. Reporting: Financial reports will include a summary of reserve levels and any movements in reserves.
3. Use of Reserves: Any decision to utilise reserves must be approved by the Board of Trustees and should be documented clearly, detailing the rationale and impact on the overall financial health of the Company.

## **Investment of Reserves**

The Company will invest its reserves prudently to ensure they are protected while also generating a reasonable return. Investments will be made in accordance with the Company's risk appetite and in line with ethical investment principles.

## **Risks and Considerations**

The Company recognises the following risks that may impact its reserves:

- Income Volatility: Fluctuations in ticket sales, donations, and funding.
- Unexpected Expenses: Unforeseen costs that may arise from operational needs or maintenance.
- Economic Conditions: Broader economic factors that may affect funding availability and audience engagement.

The Board of Trustees will regularly assess these risks and adjust the reserves policy as necessary to ensure continued financial health.

## **Conclusion**

This Reserves Policy is integral to the financial management of Utopia Theatre. By maintaining an appropriate level of reserves, the Company can safeguard its future, support its mission, and continue to provide valuable contributions to the community through the arts.

**Approved by the Board of Trustees on: 3rd December 2025**

**Next Review Date: 3rd December 2026**