ILEP Members’ Assembly

Brussels, 10th October 2018

Annex: 14 – ILEP reserves policy, 10.10.2018

Expected outcome of session:

Approval of proposed ILEP reserves policy
ILEP Reserves

Introduction
Since the Members’ Assembly teleconference, the CEOs of the five Member associations that handed over to ILEP their share of the proceeds of the sale of the building, have reached a consensus on how the remaining reserve from that sale should be handled. They have agreed that the entire remaining amount, around CHF425,000, should go into a designated reserve, distinct from ILEP’s general reserve. From there it can be used on projects, programs or activities agreed upon by the Members’ Assembly as necessary to deliver ILEP’s strategy.

Two recommendations are being brought to this meeting: the adoption of a reserves policy, and a decision on the creation of the designated reserve (here called Projects Reserve).

Proposed ILEP Reserves Policy
It is recommended that the Members adopt the following Reserves Policy.

ILEP’s reserves are categorised as designated and general.

Designated reserves are those set aside for a specific purpose. ILEP has one designated reserve, entitled Projects Reserve. This comprises the balance of the funds from the sale of the London building which five of the Member associations, who part-owned the building, passed over to ILEP. This reserve is designated for projects, programs or activities agreed upon by the Members’ Assembly as necessary to deliver ILEP’s strategy.

General reserves represent funds that can be used for anything consistent with ILEP’s objects. An adequate level of general reserves is essential to ensure that ILEP can continue to operate effectively with sufficient funds to:
- Meet unexpected liabilities or expenditure requirements
- Enable ILEP to cope with an unexpected reduction in income
- Maintain an adequate level of working capital for current operations

The Members’ Assembly has determined that the minimum level of general reserve is three months’ budgeted expenditure.

Creation of Projects Reserve
It is recommended that the Members approve the consolidation of the two separate reserves from the sale of the building, currently amounting to CHF125,000 and around CHF310,000, into a single Projects Reserve of CHF435,000.

Consequence
The result of the decisions above is that ILEP will have a Projects Reserve of CHF435,000 and a General Reserve which, assuming a deficit of CHF32,000 in 2018 as previously approved, will stand at CHF250,000. This represents six months’ expenditure. So if the above three-month reserve policy is adopted, the General Reserve at the end of 2018 will be around CHF125,000 more than the policy minimum.

Geoff Warne
September 2018