



Faculty of Pharmaceutical Medicine

*Advancing the science and practice of pharmaceutical medicine
for the benefit of the public*

Reserves Policy

[version 3, 2017]

Purpose

Since its establishment the FPM has built up and held 'free' reserves. The term 'free' reserves includes the General Fund, the Development Appeal fund and any other designated fund so categorised but excludes any restricted and endowment funds. It also excludes funds, which although classified as unrestricted have been designated for specific purposes in the current budget year.

Need for reserves

The trustees have identified the following reasons for holding reserves:

1. to safeguard against any unexpected fluctuation in the main income stream, which is through individual membership fees
2. to make provision for committed expenditure such as salaries, building costs, contracts with suppliers of equipment and professional services
3. to take future advantage of opportunities for growth, and be able to respond to changes in the external environment, such as new legislation, which may require additional unplanned resource over the short to medium term

Proposed size of reserves

Considering the above factors, the trustees have determined that it is appropriate to hold free reserves equivalent to six-months to one year of the FPM's annual operating costs.

Review of policy

The policy on reserves will be reviewed annually by the Board in conjunction with the FPM's strategic planning, financial and risk management processes.