

ALCOHOL RESEARCH UK

RESERVES POLICY

When it was established in 2011, Alcohol Research UK inherited approximately £12.5m of reserves from the now defunct Alcohol Education and Research Council (AERC).

Alcohol Research UK's trustees have decided that it is important to balance the needs of all of our beneficiaries, both those who exist now and those who are to come in the future. We have therefore decided to invest the reserves in order to generate a secure annual income that can fund our core charitable work in the long-term. We also take the view that this respects the wishes of the trustees of the former AERC, who had adopted a similar philosophy.

In order to achieve this end, we have agreed to maintain the 'purchasing power' of the reserves at a level that is broadly comparable, in real terms, to that which they had when we inherited them in March 2011.

Every year, we will review the level of reserves as part of the annual budgeting process to determine the level of divestment that can be made whilst ensuring the real value of the reserves is maintained. However, we reserve the right to divest additional sums when we consider that this would assist us in meeting our charitable objectives and to fund other essential or exceptional activity.

The investment of the reserves will be delegated to professional managers and we have published a separate Investment Policy that sets out the terms of this arrangement.

We also plan to invest some of the reserves in an administrative office. Our forecasts indicate that, compared to renting, this would result in a net increase in the funds available to support our charitable activities.

As far as possible, divestments will be identified as part of the annual budgeting process and the investment managers advised of planned divestments at the beginning of each financial year. A cash-flow forecast will be considered by the charity's Finance and General Purposes Committee on a quarterly basis in order to maintain an overview of reserves and divestments.