



1. Introduction

The Board has compiled and approved the following Reserves Policy. In its report, it stated that we put in place and formally document such a policy. To this end the board has set a reserves policy with the following objectives;

- Reserves be maintained at a level which ensures that SCIL core activity provision of a personal assistant service could continue during a period of unforeseen difficulty.
- A proportion of reserves be maintained in a readily realisable form.
- The calculation of the required level of reserves to be an integral part of the organisations planning, budget and forecast cycle.
- It takes into account:
 - Risks associated with each stream of income and expenditure being different from that budgeted; timely and prompt payments of funding.
 - Planned activity level;
 - Organisation's commitments.
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2. Current policy

SCIL has put in place a policy with the above objectives at its core. The reserves requirement set by the board is arrived at following careful consideration of the principal risk factors that could affect the company in any given period. The principal risk factors were determined by analysing the company's most material Income and expenditure streams and carrying out some sensitivity analysis around same. The reserves requirement also considers future activity levels, future fixed asset funding requirements and on-going Revenue obligations.

3. Risk assessment: against each category of income and expenditure

The board has adopted a risk assessment of its annual Income and Expenditure. In compiling this risk assessment, it has analysed the constituent elements of Income and Expenditure in terms of what the most material sources of Income are and where the most material elements of expenditure lie. The following table outlines same for the last two financial years.

Income

The broad categories of Income are disclosed in the annual statutory accounts of SCIL CLG. The percentage that each individual stream of Income bears to total Income for the past two years is as follows: Year 2019

HSE Support Agency Core Funding	25%
HSE ID services	75%

Risk Assessment - Income

It is clear from the above that the most material source of Income for the company is HSE Income equating to 85% of total Income. The board has adopted the following risk factors and sensitivity analysis to determine an appropriate reserves requirement;

- Any reduction in HSE funded services would have a serious outcome.
- Fundraising and other sources are very limited and in no way could support the services currently delivered

Expenditure

The constituent element of expenditure are broken down as follows:

Expenditure

Wages and Salaries	and PRSI	90%
General expenses.		10%

Risk Assessment – Expenditure

From the expenditure statistics above, it is clear that the largest company spend refers to wages equating to approximately 90% of total company expenditure. Therefore this element of expenditure is key in the calculation of the reserves requirement and the board has adopted the following risk factors to determine an appropriate reserves requirement;

- Should there be, say, a three month delay in funding being received from HSE a three month payroll requirement would equate to circa €325,000.

4. Future activity level: likely requirements on reserves

The challenge for the company is to examine any new opportunities within the sector. SCIL have a core group of well trained staff who would easily take on new challenges.

5. Organisational commitments

- The company does not have any bank debt or bank overdrafts and thus no commitments to service same
- The PAYE/PRSI monthly requirement to the Revenue Commissioners averages circa €25,000.

6. Current reserves level & conclusion

At the 31st December 2019, the company's Net Current Assets total €378,000.

For 2020 the Board agreed after careful consideration of all the risk factors outlined about and after carrying out appropriate sensitivity analysis, the most appropriate level that reserves should be kept at for the short to medium term is €350,000.

The board agreed that it will review the reserves level and the reserves policy on an annual basis and are committed that this process of review and amending where necessary of the reserves policy will become an integral part of the organisations overall planning, budget and forecast cycle.

Approved by:

Maria Mulligan, CEO, SCIL

Date: April 2021