

## **DRAFT POLICY**

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### **GSIA SURPLUS FUNDS**

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#### **Introduction/Purpose**

The Surplus funds policy is meant to establish a framework for the use of surplus funds from the previous fiscal year which will be placed in a surplus fund account (special purpose fund account) for capital market development. It is also meant as a guide for managing the annual year end operating surpluses.

#### **A. Definitions**

**Surplus Fund Account-** A fund account established for a specific purpose.

**Surplus-** Unappropriated funds declared at the end of the year and kept in reserve.

**Accumulated Surplus-** surplus earning that have been accrued after incorporation of entity/ the accumulation of annual net operating income.

#### **B. POLICY.**

#### **General Rules on GSIA Surplus funds**

1. All planned uses of the available accumulated surplus and operating surpluses will be reviewed by the Treasurer and approved by the Governing Council.
2. Ten percent (10%) of the association's surplus funds will be set aside, maintained and used for the specified purpose.
3. The surplus shall be paid into the special fund account at the end of every financial year.
4. GSIA will endeavour to develop appropriate reserves to meet future obligations of the fund.
5. Specific purpose/planned uses within the current approved activities include regulatory reviews, advocacy work and proposals.
6. **Surplus Fund Account (SFA)**
  - a. The GSIA SFA (special purpose fund account) is created through a transfer of excess income over operational expenditures of the secretariat. The annual budget shall include a line item “Contribution to special purpose fund account” as a deliberate way of increasing the amount in the surplus purpose fund account.
  - b. The surplus funds and reserve levels will be reviewed by the Governing Council on an annual basis during its budget review as the surpluses for each year may vary.
  - c. In a year when no surpluses are declared there will be no contributions to the account.
  - d. Contributions and withdrawals from the SFA will follow the laid down procedure.
  - e. Audited financial statements should include a note or description disclosing the intended use of the available accumulated surplus.

## **7. Investments**

Funds in the SPFA may be invested in a cedi/dollar denominated investment upon the advice of the Treasurer. The Governing Council will agree the permitted investments or vehicles. GSIA may invest its surplus funds in any of the investment types as approved:

- a. Fixed Income Securities
- b. Mutual Funds
- c. Government Bills
- d. Others to be determined.

## **8. Reporting**

The balance in the fund account will be reported as part of the Association's annual financial reports and also at quarterly Governing Council meetings.

## **9. Review**

The policy must be renewed every 2 years to ensure that it meets with changes in any applicable rules and regulations.