

## **Guidelines for levels of Equity.**

### ***Maximum level***

An increased equity is normally nothing negative. On the contrary, it normally gives protection in worse times with less contributions and less donations.

It also gives you more freedom of action. A maximum limit for the equity is difficult to set a fixed amount on. If Afrikagrupperna has a long-term strategy and members and personnel that are engaged, there will always be ideas on how to use a surplus for good activities.

### ***Recommendation maximum level***

By a surplus, after restoration of the equity to the lowest level of risk 1), 15 MSEK, up to 50% of the surplus can be used in the next year´s budget, if the Board does not decide differently.

### ***Minimum level***

A minimum level for the equity is difficult to set a fixed amount on, since it is closely related to the judgement of future and in particular the future income. Discussions have been held about a "need of equity" of between 16 and 20 MSEK, to have a stable and secure business-activity.

Afrikagrupperna has selected to use "risk levels" to deal with the risks of reduced equity.

### ***Recommendations for lowest level***

#### **Risk level 1.**

The equity is below 15 MSEK.

**Measurement:** Next year´s budget should not have a deficit of more than 1,5 MSEK and a reason should be given for planning with a negative budget.

#### **Risk level 2.**

The equity is below 12 MSEK.

**Measurement:** Next year´s budget should not have a deficit of more than 1,0 MSEK and a reason should be given for planning with a negative budget. An Action Plan must be made for how to restore equity to reach above Risk level 2.

**Risk level 3.**

The equity is below 10 MSEK.

**Measurement:** Next year´s budget should not have a deficit without an extraordinary explanation for it is given. An Action Plan must be made for how to restore equity above Risk level 3, within the next three years.

**Risk level 4.**

The equity is below 8 MSEK.

**Measurement:** Next year´s budget is not allowed to show a deficit. Meticulous result-control must be done by at least three Prognosis during the year (per June, August and October). An Action Plan must be made to restore equity above Risk level 4, *within two years*. Discussion on staff reduction might have to be held.

**Risk level 5.**

The equity is below 6 MSEK.

Settlement costs for the organization is estimated to just over 6 MSEK – in an orderly settlement with service duty during termination.

**Measurement:** The Board will make suggestions for either an Action Plan for an orderly settlement, or alternatively, an Action Plan for a reconstruction of the business activities, that must be presented on a regular or extraordinary annual meeting.

**This policy refers to:**

- Policy for Finance (general)
- Policy for Capital investments and liquidity management
- Policy on sustainability
- Order of Delegation

