

STOCKLAND VICTORY HALL

RESERVES POLICY AND PROCEDURES

1. Reserves Policy

Introduction

- 1.1. The Trustees have approved a policy on reserves in accordance with the Charity Commissions Guidance CC19 “Charity reserves: building resilience”.
- 1.2. The Charity Commission, as the regulator of charities, expects trustees to decide, publish, implement and monitor their charity’s reserves policy so that they can comply with their legal duties to:
 - Act in the interests of their charity and its beneficiaries;
 - Protect and safeguard the assets of their charity;
 - Act with reasonable care and skill;
 - Ensure their charity is accountable.
- 1.3 In practice, this means that trustees should develop a reserves policy that:
 - Fully justifies and clearly explains keeping or not keeping reserves;
 - Identifies and plans for the maintenance of essential services for beneficiaries;
 - Reflects the risks of unplanned closure associated with the charity’s business model, spending commitments, potential liabilities and financial forecasts;
 - Helps to address the risks of unplanned closure on their beneficiaries (in particular, vulnerable beneficiaries), staff and volunteers.

Definitions

- 1.4 Reserves: the part of a charity’s unrestricted funds that are freely available to spend on any of the charity’s purposes.
- 1.5 Unrestricted Funds: Funds available to be spent on any of the charity’s purposes, and includes Designated Funds.
- 1.6 Designated Funds: These are unrestricted funds available for spending on any of the charity’s purposes that have been identified for essential future spending or projects and can be excluded from the definition of reserves.
- 1.7 Restricted Funds: Funds subject to specific trusts, which may be declared by the donor(s) or with their authority (e.g. in a public appeal) or created through legal process, but still within the wider objects of the charity. These funds fall outside the definition of reserves.

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Policy

- 1.8. The Trustees will manage the financial assets of the charity in accordance with the Stockland Victory Hall Trust Deed dated 9th October 1946. Each Trustee is responsible for the management of the financial assets.
- 1.9. As part of the effective management of the financial assets of the charity, the Trustees have approved the following allocations:
- Unrestricted funds: the balance of funds held in all bank accounts not identified for specific purposes as Restricted funds;
 - Designated funds: The Trustees have approved two categories of designated funds as follows:
 - Unrestricted funds designated as a contingency fund. The purpose of the contingency fund is to allow the charity to cover the running costs of the Hall for a period of one year and to cover the cost of replacing the boiler, should it fail (Note: The failure of the boiler is the single largest uninsurable cost identified by the Trustees). The contingency fund will be a minimum of the funding needed to run the Hall for one year and will increase up to a maximum of the estimated cost of a replacement boiler.
 - Unrestricted funds allocated for specific purposes. These are funds created for specific anticipated expenditure on named projects etc. These designated funds are set at a level agreed by the Trustees to enable funds to be set aside for the specific purpose.
 - Restricted funds: A restricted fund will be created for all donations received for a specific purpose as a result of fundraising for that purpose or as specified by the donor. A separate fund will be identified for each specific purpose to enable each fund to be managed for the purpose of the donation.
- 1.10. The Treasurer shall present a financial report to every meeting of the Trustees. The format and content of the report to be decided by the Trustees but will include a statement of the financial assets of the charity as they are represented by Reserves, Designated and Restricted funds.
- 1.11. The Trustees will keep under review the level of designated and restricted funds to ensure they are adequate for their identified purposes, taking into account any change in risk to, or resilience of, the charity to meet its purposes and the effects of inflation.

2. Reserves Procedures

Location of Reserves and Funds

- 2.1 The Trustees maintain two bank accounts. The use of the bank accounts for holding reserves and funds is as follows:
- Lloyds Current Account: Normally holds only unrestricted funds and is used to receive income and support routine expenditure. If money is received for a restricted purpose it will normally pass through the current account on its way

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to a restricted fund or from a restricted fund to support a payment in accord with the use of the restricted fund. The balance kept in the current account is at the discretion of the Treasurer depending on anticipated expenditure.

- Lloyds Deposit Account: This account holds unrestricted funds, designated funds and restricted funds. The split of the balance within the deposit account is monitored by the Treasurer using spreadsheets to identify each type of fund as a virtual account.

Allocation of interest

- 2.2 The Deposit account attracts regular interest income. The interest income will be shared across each designated and restricted fund in the same proportion as the ratio of each fund balance to the total deposit account balance on the day before the interest was received.

Management of Restricted Funds

- 2.3 Restricted funds must be used for the specific project or purpose for which the funds were donated or otherwise restricted. Where the restricted fund is insufficient for their intended project or purpose, the Trustees may support the fund with expenditure from unrestricted funds.
- 2.4 Where the need for a restricted fund ceases on completion of the project or other purpose and all the fund has been used, it will be closed. Where there is a balance remaining in the restricted fund, the donors must be contacted to determine their wishes on the following options:
- To allow the restricted fund to be closed and the balance to become part of unrestricted funds;
 - To allow the restricted fund to be closed and the balance to become part of another restricted or designated fund;
 - To repay their donation or any remainder of their donation to the donor.

Reporting information to Trustees

- 2.5 The Trustees will receive regular reports from the Treasurer in accordance with the financial policies of the charity. As part of the report the trustees will be advised of the balances held in each bank account and how the balances are divided into the reserves, designated and restricted funds held by the charity.
- 2.6 Where the Trustees decide on a course of expenditure that may require unrestricted funds from the designated contingency fund to be used, the Treasurer will warn the Trustees of this to enable the trustees to assess the risks involved to the charity. Any decision on expenditure that encroaches on the contingency fund will be formally minuted.