**Fordham Village Hall Management Committee**

**Charity No. 1007775**

**Reserves Policy**

The Trustees (Fordham Management Committee) have set a reserves policy which requires reserves be maintained at a level which ensures that Fordham Village Hall’s organisation’s core activity could continue during a period of unforeseen difficulty.

**Background**

One of the key legal obligations on all charities is to spend income received on charitable objects within a reasonable period of time unless there is a good reason not to. This means the Committee needs to be clear about why it considers it necessary to hold funds in reserve.

Reserves are that part of a charity’s unrestricted funds that is freely available to spend on any of the charity’s purposes.

Our charity exists to provide a village hall for the inhabitants of Fordham and the neighbourhood without distinction of sex or of political, religious or other opinions and, in particular, for meetings, lectures and classes and for other forms of recreation and leisure-time occupation with the object of improving the conditions of life of the said inhabitants.

To do this we need to maintain and run the facilities. This requires us

* to maintain the facilities for the long term, and
* to service them day-to-day.

The commitment is therefore both long-term (building maintenance and refurbishment) and short-term (e.g. electricity and water, insurance and cleaning), whilst income is almost exclusively short-term and potentially volatile.

**Principles & Definitions**

Reserve levels need to be managed in response to identified needs and circumstances.

Reserves should not be held without a positive justification.

The size of the reserves should be appropriate to the purposes for which the reserves are maintained, including the management of uncertainty.

Unrestricted reserves are income or income funds which can be spent at the discretion of the Committee in furtherance of the charity’s objects.

Unrestricted reserves exclude tangible fixed assets held for the charity’s use (i.e. the Village Hall fixtures and equipment).

Part of the unrestricted reserves may be earmarked for a particular purpose ( e.g. grants received for building project), but the designation has an administrative purpose only, and does not legally restrict the Committee’s discretion to spend the fund.

Once funds are earmarked for known essential projects (our planned extension) which cannot be met from future income and for which there is a date by which they are likely to be spent, they may be excluded from unrestricted reserves.

**Day to day expenditure**

We consider it prudent that our reserves for day to day expenditure should not fall below £3,000 which is around 12 month’s expenditure.

Our reserves are in two Santander bank accounts:- Current Account and Deposit Account. The money designated for the extension in held in the Deposit Account.

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