



## RESERVES POLICY

### AIMS OF THE POLICY

- To provide adequate financial stability and the means for the CIO to meet its charitable objectives
- To demonstrate that the CIO properly manages its resources
- To demonstrate the CIO's capacity to manage unforeseen financial difficulties
- To provide accountability and give confidence to funders, donors and beneficiaries of the CIO
- To give grant-makers an understanding of why funding is needed to undertake a particular project
- To explain substantial unspent funds at the end of a financial year

### DEFINITIONS

- Reserves means that part of the CIO's unrestricted funds that is freely available to spend on its general operations and so is not subject to commitments, planned expenditure or other restrictions. They are that sum of money that is held in the Fritwell Village Hall CIO Current Account. Reserves do not include designated funds.
- Designated funds mean part of the unrestricted funds the trustees have set aside for a particular purpose without restriction or committing the funds legally. These are "ring fenced" and no longer form part of unrestricted general funds. They are that sum of money held in the Fritwell Village Hall CIO Savings Account.

### CONTENT OF POLICY

This reserves policy covers;

1. Setting the amount of the reserves
2. The reasons for this level of reserves
3. Maintaining the level of reserves
4. When unrestricted funds exceed the set level of reserves
5. Monitoring and review of the policy

Fritwell Village Hall CIO, Fewcott Road, Fritwell, OX27 7QA

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### **1. Setting the Amount of the Reserves**

The amount of reserves will be set annually

When setting the amount of reserves Trustees will consider the following:

- Cash flow and forecasts
- Previous year's regular payments
- Existing funds
- Future income (so far as this is possible) and likely future expenditure
- Analysis of future needs and contingencies

The reserves will not exceed £12,000 in any one financial year.

### **2. Reasons for this Level of Reserves**

The reserves will, at the very least, have to cover regular annual expenditure as indicated in the previous financial year and allowing for increases in costs. Without this the CIO will be unable to keep the Hall open and so be unable to meet its charitable objectives.

There will expenses to be laid out before running an event and ongoing supplying of stock for the bar.

The existing Hall is badly in need of refurbishment and repair. The roof has been the subject of leaks and the repair was a temporary measure, all the windows need replacing, and the internal decoration needs renewal.

The age and state of the building make it difficult to predict future needs and how much meeting them will cost.

Trustees also need to consider the occurrence of any other event which could mean closure of the Hall.

### **3. Maintaining the Level of Reserves**

The reserves will be reviewed at each meeting of the trustees as part of the Financial Report.

Booking fees and fund-raising events will continue to maintain the level of reserves.

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Trustees will apply for grants to cover essential repairs and maintenance to maintain reserves.

In the event of the reserves falling below the required level the amount necessary to maintain the reserves will be transferred from the designated funds in the savings account.

#### **4. When Unrestricted funds exceed the Level of Reserves**

In the event of unrestricted funds in the current account exceeding the level set for reserves, Trustees will, at the designated point in a meeting, consider any immediate committed expenditure before authorising the transfer of the excess to the designated funds in the savings account. These funds have been set aside for the purpose of providing a new Village Hall, maintaining the level of reserves and meeting emergency repair costs.

#### **5. Monitoring and Review**

Reserves in the current account will be monitored throughout the year at every meeting of the trustees.

The level of reserves will be reviewed at the beginning of each financial year.

**Reserves Policy Approved/Released V1.0 March 2022**

**Reviewed/Updated Policy January 2023 V2.0**

**Reviewed/Updated Policy January 2024 V2.1**

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