

Hadlow Down Reserves Policy

1. Purpose

The purpose of the reserves policy is to ensure the stability of the charity's operations. Maintaining appropriate levels of reserves is essential in protecting the charity from financial risk.

2. Definitions and Goals

In general it is considered prudent to maintain a level of useable reserves sufficient to cover unexpected and unplanned events so that the charity's primary objective is preserved. At the same time the Trustees wish to ensure that it uses its funding to benefit the clients in its care which implies an imperative to consider actively the use of reserves to enhance social care provision. In deciding the level of reserves trustees will take into account the following:

- Uncertainty, turbulence or expected reduction in funding arrangements
- The need for any large project spend
- Fluctuations in client numbers
- Cash flow issues due to delays in funding
- Three months' salary bill and overheads

3. Restricted Reserves

Restricted reserves are represented by funds that are received for a specific project or purpose. These funds are restricted for the use according to the funding agreements of donors' instructions.

4. Designated Reserves

Designated Reserves are funds which are unrestricted funds which have been set aside by trustees for an essential spend or future purpose.

5. Unrestricted Reserves

Unrestricted reserves are made up of the charity's activities for generating funds, and other donations which are expendable at the discretion of the Trustees in furtherance to achieve the objectives of the charity. The Trustees have determined that the appropriate level of reserves for non-earmarked expenditure should equate to 33% (or 4 months' prefer trading) of total funds to provide sufficient working capital to cover delays in the spending and receipt of grants and to provide a cushion for unexpected emergencies.

6. Reporting and Monitoring

The Trustees are responsible for ensuring that the level and use of reserves is monitored. They will do this for the receipt of financial reports prepared by the Treasurer.

7. Review of Policy

The policy will be reviewed annually or sooner if warranted by internal or external events or changes.

The governing body must approve all changes

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