

Financial Reserves Policy

Melmerby Village Hall www.melmerbyvillagehall.co.uk

Registered Charity 520345

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1. Statement

The Policy supports the running of MelmerbyVillage Hall. The policy is reviewed following any significant change in financial circumstances and as a minimum annually.

Income reserves are described by the Charity Commission as the resources the charity has or can make available to spend for any or all of the charity's purposes, once it has met its commitment and covered other planned expenditure.

There are two types of reserves

- i) **Unrestricted reserves**, which are held to offset risks, and
- ii) **Restricted reserves**, which are raised or held for specific future purposes

There may be occasions when an administrative act designates unrestricted funds for a particular project or use.

2. The reasons for reserves

The Charity Commission's "Charities' Reserves" Policy, CC19 and "Statement of Accounting Practice – Accounting and Reporting by Charities (SORP 2000)", requires a Reserves Policy to be included in the "Trustees Report and Annual Accounts" for each year end.

The following are considered when planning for the level of reserves:

Unrestricted reserves for cash flow and emergencies:

A reserve equivalent to at least 6 months and up to 2 years of budgeted annual expenditure will be maintained to cover any negative cash flow and emergencies (e.g. boiler/heating breakdown or damage to flooring/equipment). If accessed, efforts should be immediately put in place to restore the balance to the minimum amount.

Restricted reserves for assets & special projects

Used solely for special purposes eg new projects

Planned ongoing and annual maintenance expenditure ensures the facility is maintained in good condition for the benefit of all hall users and to meet the conditions of the Insurance Policy and Premises Licence.

Reasons why we need reserves

Resources are vital to support the hall's ability to operate and to the long-term viability of the hall and to its ability to achieve its aims and objectives. They are also vital to enable the hall to meet its legal and contractual liabilities should the organisation have to close.

Designated Reserves will continue to be built as a contingency to safeguard the on-going development and management of the hall and to meet the long term replacement of the new building.

The Treasurer is responsible for keeping the policy up to date and it shall be reviewed annually or upon significant change in financial circumstances. The value of funds held in the Unrestricted Reserves and the Asset Replacement Fund shall be reviewed at least once a year following the preparation of the audited accounts.

Policy Dated	January 2023
Signed	<i>Jane Bardsley</i> Chairperson
Review Date	January 2027