

# **Great Stukeley Village Hall Reserves Policy**

## **1. Policy Statement**

1.1. Great Stukeley Village Hall (GSVH) needs reserves to:

1.1.1. Meet contractual liabilities should the organisation have to close. This includes redundancy pay, amounts due to creditors and commitments under leases.

1.1.2. To meet unexpected costs such as emergency repairs, cover re: illness, maternity leave, parental leave, and legal costs defending the charities interest.

1.1.3. To replace equipment as it wears out.

1.1.4. Ensure that the charity can continue and provide a community facility as set out in the charity's aims and objectives. Within this context to minimise recruitment, training, induction and marketing costs by avoiding the need for redundancies caused by financial crisis.

1.1.5. From time to time funding has certain restrictions which means that, by law, it must be held in a restricted reserve until it is spent in line with the funding agreement.

## **2. Income**

2.1. Great Stukeley Village Hall's main income is from hiring and fundraising

2.2. Great Stukeley Village Hall plans its fundraising in advance having a yearly view of the cash flow.

## **3. Target level of reserves**

3.1. Great Stukeley Village Hall aims to have reserves at least 50% of current expenditure.

## **4. Costs of dissolution**

4.1. Were Great Stukeley village hall to dissolve, the charity would incur a number of winding up costs.

4.1.1. Redundancy costs for Caretaker and Booking Clerk

4.1.2. Notice period to Caretaker and Booking Clerk.

4.1.3. Creditors as per balance sheet

4.1.4. Contracts or service agreements

4.1.5. Costs incurred to call a public meeting

5. This represents 50% of the current year's forecast expenditure of £25000

## **6. Assuming an ongoing organisation**

6.1. There are a number of events that could occur during a year that are generally not budgeted for and would be typically funded from reserves.

6.2. It is assumed that most capital purchases will be funded from specific grants for capital purchases.

## **7. Establishing and maintaining a prudent level of reserves**

7.1. In the event of reserves dipping below the target 50%, we will aim to restore the reserves to at least 25% of expenditure over the next four years. This could be achieved by increased fundraising, increasing earned income or reducing expenditure.

## **8. Monitoring and reviewing of reserves policy.**

8.1. The trustees will consider current costs of closure and examine the level of reserves each year when setting the following year's budget.

8.2. This reserves policy will be reviewed every two years.

**Date approved:**

**Next review date:**

**Signed:**