

# Monk Sherborne Village Hall

Registered Charity Number 1175663

## Policy for maintenance of contingency reserves

### Principles

Monk Sherborne Village Hall (the “Charity”) is run for the benefit of the inhabitants of the parish of Monk Sherborne. It provides a vital facility in the heart of the community which can help enrich the life of villagers. It is important that the continued operation of the hall is not jeopardised by unforeseen events which place a short-term strain on the cash flow of the charity.

The purpose of this policy is to ensure that sufficient funds are always available to meet all reasonable short-term contingencies. It also lays out the process to be adopted to ensure that such reserves are properly estimated, managed and subject to the scrutiny of the Trustees.

### Policy

The Trustees have resolved to maintain a minimum level of reserves to enable normal operating costs to be covered for up to six months assuming no income is generated during this time and to hold a further buffer to cover one-off items of expenditure arising during the same period.

### Procedure

- 1) The minimum reserve level to be held will be reviewed at least annually by the Treasurer. The Trustees must agree any change from the previous minimum level, having considered any changes in the operating profile of the Charity of which they are aware. Such agreement should be formally recorded.
- 2) A proforma calculation method to be used by the Treasurer in calculating the minimum reserve level has been approved by the Trustees and is attached to this policy as Appendix 1. This sets the initial level for the further buffer to cover one-off items of expenditure at £2000.
- 3) The reserves will be held in cash in a separate bank account from that used for day to day receipts and payments. The balance on this account should be equal to or greater than the approved minimum reserve level (subject to 4 below). If the account is interest bearing then funds must be available on no more than 30 days’ notice.
- 4) The Treasurer should alert the Trustees if, in the Treasurer’s judgement, there is a risk that the reserves may fall below the minimum approved level. Any expenditure of reserves must be approved by a majority of Trustees. Should there be an appreciable risk that the Charity will exhaust its reserves, the Chair will call an EGM immediately.
- 5) There must be no restriction on the disbursement of funds held in reserves, i.e. they must be constitutionally and legally available to cover any type of expense.
- 6) Items of expenditure associated with major projects that will be funded from sources other than normal income, e.g. hall rebuild, are not intended to be covered by this reserves policy. It is the responsibility of the Treasurer to identify such costs in advance, ensure that guaranteed funding streams are in place to cover them prior to any commitments being made and to report back to the Trustees on the financial status of such projects.

**Computation of Minimum Reserve Level**

All cells in orange must be populated

All costs to be entered as positive integers

	Previous Financial Year to 28/02/2018 £	Last but one Financial Year to 28/02/2017 £
Total expenditure per accounts	17,978	5,898
Exclude one-off items of expenditure:		
Events *	1,737	1,369
New Hall	10,808	
New Lease	1,800	1,800
Legal Fees	350	
'Normalised'	3,283	2,729
Maximum 'Normalised' annual operating costs	3,283	
Add anticipated INCREASES to operating costs **: [Redacted]		
New 'Normalised' annual operating costs	3,283	
Reserves calculation:		
6 months of operating costs	1,642	
Buffer for one-off items of expenditure	2,000	
TOTAL	3,642	

\* Expenditure associated with events should always be excluded on the basis that events are profitable.

\*\* Anticipated DECREASES should be ignored on the basis of prudence.