



Eydon Village Hall

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Charity No: 1125650

Financial Reserves Policy & Procedures

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Document Control

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23/09/2027



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1. Purpose of Reserves

The charity maintains financial reserves to:

- Protect the organisation against unexpected financial shocks
- Ensure continuity of services during periods of reduced income
- Meet essential commitments (staff, contracts, safeguarding obligations)
- Provide a stable base for planned activity and responsible growth

Reserves are not intended to accumulate excess funds or restrict charitable delivery.

2. Definition of Reserves

Reserves are the unrestricted, undesignated funds freely available for general use.

Reserves exclude:

- Restricted funds
- Designated funds (earmarked by trustees)
- Fixed assets
- Grants received in advance
- Funds legally committed or contractually allocated

3. Target Level of Reserves

The charity aims to hold 3–6 months of core operating costs as free reserves.

This level is considered appropriate for a small charity because it:

- Provides sufficient protection against income volatility
- Allows time to adjust operations if funding changes
- Ensures continuity of essential services

The target range will be reviewed annually.

4. Use of Reserves

Reserves may be used when:

- Income unexpectedly reduces
- Costs increase beyond planned levels
- Emergency expenditure is required
- The charity needs temporary cash flow support
- Trustees approve investment in strategic development

Use of reserves must be authorised by:

- Treasurer (initial assessment)
- Board of Trustees (formal approval)

5. Rebuilding Reserves

If reserves fall below the minimum target:

- Trustees will agree a recovery plan
- Budget adjustments may be made
- Fundraising priorities may be revised
- Designated funds may be reviewed

The Treasurer will report progress at each board meeting.



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6. Monitoring & Reporting

- Reserves levels are monitored monthly by the Treasurer.
- Reserves position is reported to trustees quarterly.
- The annual report will include a clear explanation of:
 - Target reserves
 - Actual reserves
 - Reasons for holding reserves
 - Any plans to increase or reduce reserves

7. Review of Policy

This policy will be reviewed annually or sooner if:

- The charity's financial position changes significantly
- New risks emerge
- Charity Commission guidance is updated

END