

## **Southwater Village Hall Management Committee**

### **Reserves Policy**

#### Background

One of the key legal obligations on all charities is to spend income on charitable objects within a reasonable period of time unless there is a good reason not to. This means the Management Committee needs to be clear about why it considers it necessary to hold funds in reserve.

Reserves are that part of a charity's unrestricted funds that are freely available to spend on any of the charity's purposes.

The Southwater Village Hall charity [SVH] exists to provide and maintain a village hall for the inhabitants of Southwater and the neighbourhood without distinction of political, religious or other opinions including use for meetings, lectures and classes, and other forms of recreation and leisure-time occupation, with the object of improving the conditions of life for the said inhabitants.

To do this SVH needs to maintain and run facilities. This requires the Committee: -

- To maintain the facilities for the long term
- To service them day to day

The commitment is therefore both long-term [building maintenance and refurbishment] and short term [operating costs e.g., electricity, water, insurance and cleaning, etc.

#### Principles and Definitions

Reserve levels need to be managed in response to identified needs and circumstances.

Reserves should not be held without a positive justification.

The needs of present and future hall users need to be balanced.

The size of the reserves should be appropriate to the purposes for which the reserves are maintained, including the management of uncertainty.

Unrestricted reserves are income or income funds, which can be spent at the discretion of the Committee in furtherance of the charity's object.

Unrestricted reserves exclude tangible fixed assets held for the charity's use i.e., the Village Hall fixtures and equipment.

Part of the unrestricted reserves may be earmarked for a particular purpose, but the designation has an administrative purpose only, and does not legally restrict the Committee's discretion to spend the fund.

Once funds are earmarked for known essential projects which cannot be met from future income and for which there is a date by which they are likely to be spent, they may be excluded from unrestricted reserves.

Originally agreed by Southwater Village Hall Management Committee on 08.05.19

Reviewed by Southwater Village Hall Management Committee on 12.05.21

Policy to be reviewed in May 2022

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