

Central England Quakers – Finance Committee

Reserves Policy, September 2021, last revised May 2021

A Purpose of a Reserves Policy

(a) to ensure that the charity has adequate funds to undertake its charitable activities and protect itself from fluctuations in income or expenditure and (b) to reassure the public that it is using its income for charitable work, and not accumulating excessive reserves.

Notes: These proposals relate to “free reserves” – capital invested in buildings is not considered to be available for supporting operating expenditure, and is excluded from the policy. Investment fund values must be regarded as “nominal” – clearly the value of any portfolio will rise and fall according to market conditions. Portfolio values quoted include any cash held in the broker accounts.

B Policy

Fund	Criteria	Policies	Target values	Current status
General Fund	a) General fund commitments, protection for normal cash flow	General Fund budget should be balanced – capital should not be used for operational expenditure in normal circumstances.	£30,000, excluding Restricted/Reserve Funds (see below)	Cash balance at end 2020 was £35,000.
	b) Reserve for unforeseen expenditure, including funding new concerns not anticipated in the budget	Maintain GF Reserve Fund (<i>established March 2013 from proceeds from sale of Trustee Reserve Funds</i>)	£25,000 target balance	Balance at end 2020 £25,000.
	c) Investments to cover exceptional unforeseen expenditure, and to provide adequate investment income	Investments to be equivalent to between 6 months and 12 months GF expenditure (GF expenditure currently ca £170k pa)	Suggested portfolio values:- For c) £100,000 } For d) £100,000 }	Value of GF portfolio at end 2020 was £213,000
	d) Contingency needed to cover a major financial disaster affecting a Local Meeting or Branch	Contingency fund in addition to the above reserves.	Total £200,000	
	e) Reserves for LMs/Bs financial risks	LMs/Bs should aim to cover their own financial risks, per MoU clause 2.2	Nil	
	f) Black Country Fund established 2015 from residual funds of Dudley LM, to fund Black Country projects	BC Fund will continue to receive income from Trustee Reserve Fund of around £9k per year	No target values have been established	Value of BC Fund at end 2020 was £14,000

