

# Central England Quakers – Finance Committee

## Reserves Policy, January 2023, last revised June 2022

### 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 2022 was £45,000.
	b) 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 £100k pa)	Suggested portfolio values:- For b) £100,000 } For c) £100,000 }	Value of GF portfolio at end 2022 was £212,000
	c) Contingency needed to cover a major financial disaster affecting a Local Meeting or Branch	Contingency fund in addition to the above reserves.	<b>Total £200,000</b>	
	d) Reserves for LMs/Bs financial risks	LMs/Bs should aim to cover their own financial risks, per MoU clause 2.2	Nil	
	e) Black Country Fund established 2015 from residual funds of Dudley LM, to fund Black Country projects	BC Fund will be wound down, with interest from the Dudley MH investment diverted to General Fund from Q4 2022. Future BC projects will be funded from the General Fund		Value of BC Fund at end 2022 was £15,000

<b>Fund</b>	<b>Criteria</b>	<b>Policies</b>	<b>Target values</b>	<b>Current status</b>
Building Fund	<p>a) Investments needed to provide income to cover annual grants to LMs, to avoid using capital and to provide a reserve for major project expenditure</p> <p>b) Funds held in bank account should be sufficient to support normal grant/loan cash flow</p>	<p>Assume average grants of £12k pa. Funded by investment income £12k. Assume investment yield 2.5%. Fund includes £40k gift from SBFIT earmarked for the future upkeep of Kings Heath MH.</p> <p>Specify minimum cash balance for Building Fund bank account.</p>	<p>Minimum portfolio value £480k £440,000 general reserve + £40,000 Kings Heath reserve</p> <p>£60,000 minimum balance</p>	<p>Value of portfolio at end 2022 was £437,000</p> <p>Balance at end 2022 was £58,000</p>
Bull Street Fund	Original purpose was to set funds aside to cover refurbishment to Priory Rooms & Bull Street MH from 2014. Fund is used to cover all routine repairs & maintenance at 40 Bull St & 41 Bull St (Peace Hub).	Decision taken by Finance Committee in 2022 to wind the Fund up and to use the Trustee Fund to support Bull St property expenditure.		Balance at the end of 2022 was nil
Trustee Fund, combined with Salaries Account from 2023	<p>a) Cash flow protection for late receipt of rental income</p> <p>b) Contingency for unforeseen expenditure</p> <p>c) Protection for salaries cash flow</p>	<p>Maintain adequate funds in bank account to cover late receipt of rental income Reserve £20k, sell investments for &gt;£20k</p> <p>Reserve £15k</p>	<p>a) Minimum £40k b) Minimum £20k c) Minimum £15k Total £75k</p>	Combined balance at end 2022 was £106,000.
Trustee General Reserve	Formerly known as Sellywood House Fund, re-designated by Trustees in 2021 as a general contingency reserve	Use to offset deficit arising from loss of Priory Rooms gift	£40k withdrawal budgeted for 2023	Balance at end 2022 was £125,000
Trustee Reserve Funds	Constituent Charities and other historical funds, some restricted and/or designated to specific beneficiaries.	Retain only those Funds with income designated or restricted to LMs	Funds designated or restricted to LM beneficiaries, and General Fund	Achieved 2013

**Summary target fund values:-**

General Fund: bank balance £30,000

Trustee Fund: bank balance £75,000

Trustee Building Fund: bank balance £60,000

General Fund Investments: £200,000 (nominal)

Trustee General Reserve: no target value

Building Fund Investments: £480,000 (nominal)