

## RESERVES POLICY

### OBJECTIVES

To enable PANTRY to meet its existing financial obligations as they fall due and have sufficient resources to enable it to achieve its charitable objectives, it is necessary to formalise a policy regarding reserves maintained by the charity. This policy will seek to ensure financial security of the charity for the long-term.

In setting this policy, the Trustees/Management Committee have used as a reference the document CC19 *Charities and Reserves*, issued by the Charity Commission.

In setting the parameters for the reserves policy, the Trustees/Management Committee has considered the following: If reserves are too low, PANTRY risks insolvency and its charitable purpose will be put at risk. If reserves are too high, money will be tied up unnecessarily, limiting the charity's achievement of its purpose and putting at risk its ability to raise future funds.

### DEFINITIONS

- **Reserves** represent total funds available to PANTRY (liquid or otherwise) to enable it to meet its objectives. These are unrestricted funds and restricted funds.
- **Unrestricted funds** (including designated funds) are income or income funds which can be spent at the discretion of the Trustees/Management Committee to deliver any of the charity's objectives. If part of an unrestricted fund is earmarked for a particular project it may be designated as a separate fund, but the designation is for admin purposes only and does not restrict the Trustees/Management Committee discretion to spend the funds.
- **Restricted funds** are funds subject to specific uses which may be declared by the donor(s), but still within the wider objects of the charity. Restricted funds may be restricted income funds, which are spent at the discretion of the Trustees/Management Committee to deliver some particular aspect of the charity.
- **Designated funds** are part of the unrestricted funds which Trustees/Management Committee has earmarked for a particular use. The designation may be cancelled by the Trustees/Management Committee if they later decide that PANTRY should not proceed or continue with the use for which the funds were designated.

**RESERVES POLICY**

***Minimum Reserves:***

A minimum of six months’ operating costs should be retained in bank balances. When calculating this, any designated funds should be taken into account.

***Maximum reserves:***

A maximum of twelve months’ operating costs should be retained as reserves.

***Designated Funds:***

Where in the opinion of Trustees/Management Committee, a potential project (which is not yet at the stage of readiness for external funding) should be funded out of unrestricted funds, a designated fund will be created.

The Trustees will only be requested to make such designations following a recommendation from the Management Committee.

The Trustees retain absolute discretion, however, to spend any funds so designated as they deem appropriate or cancel the designation at a later point.

***Contributions to restricted funds***

These funds should be held as bank deposits and current accounts throughout the period of each respective project that the funds relate to. Such funds are excluded from the calculation of reserves in sections 1 and 2 above.

***Efficient use of bank balances***

PANTRY will retain sufficient balances within instant access deposit accounts and current accounts at Lloyds Bank to meet (i) the Minimum Reserves requirement, (ii) and any unspent earmarked Designated Funds. If any amounts in excess of this total are greater than six months’ core expenditure, the Trustees/Management Committee will consider whether greater returns could be obtained from the placement of such funds with Credit Union.

**REVIEW**

This policy will be reviewed every two years

Date.....

Signature (Chair).....

Signature (Secretary).....