



Off The Ropes (OFR)

Charity 1180290

RESERVES POLICY

Reserves are that part of a charity's unrestricted funds that is freely available to spend on any of the charity's purposes. The starting point for calculating the amount of reserves held is therefore the amount of unrestricted funds held by a charity. However, some or all the unrestricted funds of a charity may not be readily available for spending. This is because spending those funds may adversely impact on the charity's ability to deliver its aims.

Restricted funds fall outside the definition of reserves, but the nature and amount of such funds may impact on a charity's reserves policy. Where significant amounts are held as restricted funds the nature of the restriction should be considered, as such funds may reduce the need for reserves in particular areas of the charity's work.

The Charities SORP requires a statement of a charity's reserves policy within its annual report. Once a reserves policy is set, it should not be regarded as a static policy. The circumstances of a charity or the environment in which it operates will change with time and trustees should review their policy at least annually as part of a charity's planning processes. The amount held in reserves should also be monitored during the year as part of a charity's budgetary processes.

Reserves are held to help the charity operate effectively. Trustees should keep their reserves policy and the level of reserves held under review. Trustees should also monitor the level of reserves held throughout the year. In this way trustees will be aware of the buildup of excess reserves or of reserves being unexpectedly or rapidly depleted

All restricted funds shall sit outside any calculation of unrestricted reserves.

The unrestricted reserves minimum should be calculated at the value of the annual known fixed costs (currently administration expenses such as insurance but may in the future include other commitments such as premises rental).

No maximum reserve has been set- but any excess funds should be considered for use in projects in the next financial year.

Policy agreed
Policy updated
To be reviewed annually as part of Annual Accounts/Reporting
Pages

2019
Feb 2024

1 only