



# Grampound with Creed War Memorial Recreation Ground and Village Hall

## Reserves Policy

This policy defines what is meant by reserves. It sets out the reasons why the Management Committee of Grampound Village Hall wish to maintain reserves at a particular level and determines what this level should be. It documents the steps that are taken to monitor and maintain the reserves at the agreed level and finally the arrangements for reviewing the policy.

### **Definition**

Reserves are defined as that part of the income or cash balance of Grampound Village Hall that is freely available to spend in furtherance of the charity's purposes, after it has met all its ongoing budgeted operational and maintenance commitments and covered all planned (designated) project expenditure. This definition excludes any restricted fund of which we may be the beneficiaries.

### **The Minimum Level of Reserves**

The Management Committee have established an agreed level of reserves that we wish to maintain.

This is based on an assessment of:

1. The risk of incurring significant unforeseen expenditure that cannot be delayed, and the likely magnitude of such expenditure, and
2. The risk of suffering significant unforeseen loss of income which cannot be replaced in the short term, and the likely magnitude of such a loss.

The agreed level of reserves is designed to ensure that enough short term funds would be available in the event of one or more of these events, such that the ongoing operations of the Hall and designated project expenditure would not be affected in all but the most extreme circumstances. The risk and magnitude of unforeseen expenditure is affected by our knowledge of the state of the building, there are significant areas that could potentially require unexpected repair.

With several regular user groups and our fundraising activities our income is quite healthy and predictable. However, the unexpected loss of a few users would result in a loss of income that could be difficult to replace in the short term. Taking these factors into account, the current minimum level of reserves that we wish to maintain is £20,000 comprising:

Unforeseen major repairs £15,000

Loss of income from user groups £5,000

### **Monitoring and Maintaining the Agreed Level**

The Management Committee agree an annual budget plan that is reviewed and updated at monthly meetings. This plan is built up from forecasted income, experience of ongoing expenses and known improvement projects that the Committee have prioritised. The budget plan provides a forecast of total free balances, i.e. total balances less designated project expenditure, which is compared directly with the minimum reserve level. This allows the Committee discretion as to when projects can be carried out, they can be advanced or delayed in order that the total free balances can be maintained on or about the minimum reserves level.

Through fund raising events and hire of the facilities at Grampound Hall we aim to generate an annual surplus which can be designated for project expenditure. As costs increase with inflation, then hire charges can be increased periodically to maintain the required operational surplus.

### **Reviewing the Policy**

The Management Committee will review this policy, and in particular the minimum level of reserves, periodically whenever project priorities are reassessed. Factors that will commonly be assessed will be inflation, the increased risk of significant unexpected repairs as the building ages and the forecasts of future income.