



Worth Matravers Village Hall

Worth Matravers Village Hall Reserves Policy 2020

Charity law requires charities to spend income within a reasonable period of time, so it is considered good practice and now a legal requirement for charities to explain why they hold funds in reserve.

The Charities (Accounts and Reports) Regulations 2008 (SI 2008 No.629) requires that the Trustees of Charities must report their Reserves Policy in their Annual Report in a way that meets the requirements of the Statement of Recommended Practice: Accounting and Reporting by Charities (the Charities SORP). In the case of smaller charities this can be done following the guidelines laid down by the Charity Commission in their publication **Charities and reserves (CC19)** – Annex 1.

The following is an update of Worth Matravers Village Hall (WMMVH) Reserves Policy:

1. Why does WMMVH need reserves?

The principle reasons for holding reserves are:

- a) To provide financial cover in the event of unforeseen emergency.
- b) To undertake continuous improvement to the facilities provided in order to ensure they comply with required legislation and are maintained at a standard suitable for their purpose.
- c) To provide a fund for major improvements or refurbishment projects.

2. How much do we need to hold in reserves?

We already set aside funds to provide for major Village Hall and School House repairs, these and certain other liabilities are not required to be included within this Reserves Policy – see below.

The amount which we might need to fund any of the eventualities in (1) is, of course, a matter of judgement of events which might or might not happen. However, following discussion with the Trustees in 2019, and reconfirmed at the WMMVH Management Meeting in January 2020, it was considered appropriate that we should hold reserves equivalent to 7.5% of the insured value of the Trust's assets plus or minus 10% [2019 **two years of income plus or minus 10%**] (i.e. currently £66,000/£54,000 approx.).



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3. What are our current reserves?

Total assets at the 2019 year end amounted to £50,699, however, some of these funds are designated for future spending or are not available for the purposes of this Reserves Policy – see summary below:

Total Assets	50,699
Less: Provision for Village Hall repairs	50
Provision for School House repairs	5,420
Book value land and buildings	1,000
Current Reserves	£44,229

Conclusion

The above level of reserves is below the bottom end of our target level. However, the Committee does not believe that, at this time, any further action is necessary.

John Hynan
Treasurer

Date