



Worth Matravers Village Hall

Worth Matravers Village Hall Reserves Policy 2021

Charity law requires charities to spend income within a reasonable period, 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 (WMVH) Reserves Policy:

1. Why does WMVH need reserves?

The main reasons for holding reserves are:

- a) To provide financial resources in the event of an unforeseen emergency.
- b) To undertake continuous improvement to the facilities provided 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 Reserve 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 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%. That is between £53,000 and £65,000.



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3. What are our current reserves?

Total assets at the 31 December 2020 amounted to £62,701, 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 Net Assets	62,701
Less: Provision for Village Hall repairs	13,900
Provision for School House repairs	22,437
Book value land and buildings	1,000
Current Reserves	£25,364

Conclusion

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

John Hynan
Treasurer

1 April 2021