



Worth Matravers Village Hall

Worth Matravers Village Hall Reserves Policy 2019

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 2012, and reconfirmed at the WMMVH Management Meeting in January 2018, it was considered appropriate that we should hold reserves equivalent to **two years of income plus or minus 10%** (i.e. currently £20,000/£22,500 approx.). There appears to be no need to amend this policy at the present time.



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3. What are our current reserves?

Total assets at the 2018 year end amounted to £46,555, 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 | 46,555 |
| Less: Provision for Village Hall repairs | 50 |
| Provision for School House repairs | 5,420 |
| Book value land and buildings | 1,000 |
| Current Reserves | £41,085 |

Conclusion

The above level of reserves exceeds the top end of our target level. However this partly results from the fall in total income in 2018 as a result of the Trust receiving only a part of the proceeds of the Village Fete. The Committee therefore believes that, at this time, no further action is necessary.

This policy will be reviewed during 2019.

John Hynan
Treasurer

1st April 2019