

# Bonsall Village Hall Management Committee



## Reserves Policy

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The Reserves Policy supports the day to day running of Bonsall Village Hall (BVH).

The policy defines what is meant by reserves and sets out the reasons why Bonsall Village Hall Management Committee (BVHMC) wish to maintain reserves at a particular level and what the level of reserves should be. It also documents the steps that are to be taken to monitor and maintain the reserves at the agreed level and the arrangements for reviewing the policy.

### Definition of Reserves

Income reserves are described by the Charity Commission as the financial resources a charity has or can make available to spend once the charity has met its operational and maintenance commitments and any other known expenditure.

There are two types of reserves:

- **Unrestricted reserves** - which are held to offset risks.
- **Restricted reserves** - which are held or raised for specific purposes.

BVHMC have established and agreed a minimum level of reserves based on an assessment of:

- The risk of incurring significant unforeseen loss of income which cannot be replaced in the short term, and the likely magnitude of such a loss.
- The risk of incurring significant unforeseen expenditure that has to be dealt with at short notice, and the likely magnitude of such expenditure.

### Unrestricted Reserves

A minimum reserve of £4,000 (equivalent to at least 12 months budgeted annual expenditure) will be maintained to cover any negative cash flow due to loss of income from hiring out BVH, or an emergency such as failure of the heating and hot water system, problems with the electricity and water supply, or damage to BVH equipment.

### Restricted Reserves

A minimum reserve of £5,000 is to be maintained for specific capital works to BVH.

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

BVHMC will agree an annual budget and maintenance plan that will be reviewed at BVHMC meetings.

The plan will be based upon the estimated monthly income for BVH, estimated monthly expenditure and anticipated expenditure on any maintenance and improvement works to BVH.

The budget plan will enable BVHMC to monitor the finances of BVH and plan when maintenance or improvement works are carried out, to ensure that the agreed minimum Unrestricted Reserves are maintained.

The budget and maintenance plan will ensure that BVH is maintained in a good condition for the benefit of all BVH users and meet the conditions of BVH Insurance Policy and Premises Licence.