

Financial reserves policy and procedures

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Why this policy exists

The reserves policy explains to existing and potential funders, donors, beneficiaries and other stakeholders why the Pulborough & District Community Care Association (“PDCCA”) seeks to hold a particular amount of reserves.

The Charities SORP requires a statement of a charity’s reserves policy within its annual report.

Scope

This policy addresses financial reserves as it relates to the PDCCA.

Background

The Charities Commission expects the Trustees to decide, publish, implement and monitor their charity’s reserves policy so that they can comply with their legal duties to:

- act in the interests of their charity and its beneficiaries
- protect and safeguard the assets of their charity
- act with reasonable care and skill
- ensure their charity is accountable
- explain to funders, beneficiaries, the public and the Commission exactly what reserves are kept (or not kept) for and when they are to be used
- make sure that their reserves policy is put in place and operated
- regularly monitor and review the effectiveness of the policy in the light of the changing funding and financial climate and other risks.

Policy

The PDCCA should hold sufficient reserves to address situations such as:

- unforeseen operational costs
- loss of income
- additional expenditure which may occur from any planned expansion of services
- any asset purchase or replacement.

Procedures

Each year the PDCCA Committee will consider:

- the reasons that PDCCA needs to hold funds as reserves
- the quantum of target reserves
- the action required to bring actual reserves into line with target reserves.