

Love's Farm Community

Centre CIO

Reserves Policy

v1.2

Re-Adopted by the Trustees of

Love's Farm House on

3rd January 2024

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Love's Farm House Reserves Policy

1. Purpose of the Reserves Policy

The Reserves Policy of Love's Farm Community Centre CIO (the "Charity") aims to maintain the long-term financial stability of the Charity and to ensure that it is in a financial position to keep Love's Farm House (the "Building") in good and substantial repair, in order to achieve the Charity's purpose of managing the Building for the benefit of the community.

The Charity's main source of funding is through the hire fees paid by regular, one-off and party hirers. The hire fees are set and reviewed annually by the Board of Trustees of the Charity, at a level which aims to enable the Charity to operate the Building on a day-to-day basis. The Reserves Policy aims to make funds available to ensure that the Charity can meet its financial commitments in the longer term, including the following circumstances:

- The unexpected temporary closure of the Building;
- Any part of the Building becoming unavailable for hire on a temporary basis;
- A decrease in the number of regular, one-off or party hirers resulting in a shortfall in expected income;
- Any other circumstances which result in a decrease in the income of the Charity, leaving it without sufficient income to meet its liabilities; or
- The winding-up of the Charity

(the "Operating Reserve Fund").

In addition, the Board of Trustees of the Charity is committed to the long-term maintenance of Love's Farm House as a community asset, and as such will hold a reserve fund to enable it to maintain, repair and renew the fabric and contents of the building and to fund emergency repairs to or replacement of equipment where funding cannot otherwise be obtained (the "Repairs and Maintenance Reserve Fund").

2. Definition of Reserves

Reserves are the part of a charity's unrestricted funds that is freely available to spend on any of the charity's purposes, as defined in the Charities Statement of Recommended Practice (FRS 102).

The Charity shall maintain two reserve funds, the Operating Reserve Fund and the Repairs and Maintenance Reserve Fund, as defined in section 1 of this Policy above (together the “Reserve Funds”).

3. Calculation of the Reserve Funds

3.1 Operating Reserve Fund

The Operating Reserve Fund shall contain the equivalent of three months’ average expenditure of the Charity. The specific figure shall be calculated and reviewed by the Board of Trustees of the Charity on an annual basis.

The figure for the year 2024 will be £18,000.

3.2 Repairs and Maintenance Reserve Fund

The Repairs and Maintenance Reserve Fund shall contain the estimated amount necessary to cover the cost of ongoing maintenance, repairs and replacement of the flooring, decoration, furniture, kitchen equipment and Office IT equipment of the Building over the life expectancy of these items. The specific figure shall be calculated and reviewed by the Operations Team of the Board of Trustees and approved by the Board of Trustees of the Charity annually.

4. Funding of the Reserve Funds

The Reserve Funds shall be funded by surplus unrestricted income of the Charity.

The level of the Reserve Funds shall be monitored throughout the year by the Operations Committee of the Board of Trustees. Should the Reserve Funds fall below or significantly exceed the target figure, the Board of Trustees of the Charity shall consider whether any action should be taken to replenish or spend the reserves.

5. Use of the Reserve Funds

The Operations Team of the Board of Trustees shall be responsible for monitoring the use of the Reserve Funds to ensure that it is consistent with the purpose of the funds as set out in this Policy.

Use of the Reserve Funds shall be subject to the safeguards and authorisation procedures set out in the Love’s Farm House Finance Policy and the Love’s Farm House Procurement Policy.

6. Accounting for and Reporting of Reserves

As required by the Charities Statement of Recommended Practice (FRS 102), the Charity shall state the amount of reserves which it holds in its Annual Report and Accounts.

7. Review of the Reserves Policy

The Reserves Policy shall be reviewed on an annual basis by the Board of Trustees of the Charity, and additionally within one month of any changes to relevant legislation, regulations, or the Charity Commission's Statement of Recommended Practice (FRS 102).