HALSTOCK VILLAGE TRUST

Registered Charity No. 1031807

Reserves Policy

1. Purpose

This policy explains how the Trustees of Halstock Village Trust ("the Trust") will manage and keep an eye on the Trust's reserves.

The aim is to make sure the Trust has enough money available to meet its commitments, deal with unexpected costs and continue supporting the village in line with its charitable purposes.

This policy should be read alongside the Trust Deed dated 6 December 1993 and the Trust's Grant-Making Policy. If there is ever any conflict between this policy and the Trust Deed, the Trust Deed takes priority.

2. Legal and regulatory context

The Trustees have prepared this policy with regard to Charity Commission guidance CC19, *Charity Reserves: building resilience*.

Clause 3 of the Trust Deed allows the Trustees to use both income and capital as they consider appropriate in carrying out the Trust's charitable purposes. The Trustees will therefore aim to manage the Trust's money sensibly and make sure there are enough unrestricted funds available to meet commitments and respond to charitable needs and opportunities in Halstock.

3. What we mean by reserves

For this policy:

- **Restricted Funds** are funds given to the Trust for a particular charitable purpose and which can only be used for that purpose.
- **Unrestricted Funds** are funds which the Trustees can use at their discretion for the Trust's charitable purposes, subject to the Trust Deed.
- **Designated Funds** are unrestricted funds which the Trustees have set aside for a particular purpose or future commitment.
- **Free Reserves** are unrestricted funds which have not been designated for a particular purpose and are not tied up in fixed assets, programme commitments or other obligations.
- **Investment Assets** are assets held for the longer term, including the Trust's shares and debentures in Halstock Village Shop Limited.

4. The Trust's reserves

The Trust's reserves form part of the Trust Fund described in Clause 3 of the Trust Deed.

For practical purposes, the Trustees distinguish between:

- **Investment Assets**, which are intended to support the Trust's longer-term financial position; and
- **Cash and other readily available funds**, held in current and deposit accounts, which can be used for day-to-day costs and grant commitments.

5. How much should we keep in reserve?

The Trustees believe it is sensible for the Trust to keep enough Free Reserves to:

- cover normal running costs for at least twelve months;
- provide some protection against unexpected costs or a fall in income; and
- allow the Trust to respond to charitable needs in Halstock without having to sell investments at short notice.

The Trustees will agree a specific target range for Free Reserves at each Annual General Meeting. This will take account of expected running costs, planned grants and any other known commitments for the year ahead.

The agreed target range will be recorded in the minutes.

6. Designated funds

The Trustees may decide to set aside some unrestricted funds for a particular purpose. This might include a planned capital project, an expected grant commitment or a particular activity.

Any decision to designate funds will:

- be recorded in the minutes, including the purpose and amount;
- be reviewed at each Annual General Meeting; and
- be capable of being changed or cancelled by the Trustees if the money is no longer needed for that purpose.

7. Using reserves

If a proposed expense or grant would take Free Reserves below the target range, the decision must be approved at a Trustees' meeting attended by at least four Trustees. The reasons for the decision should be recorded in the minutes.

This is in addition to any approval requirements in the Grant-Making Policy.

If the Trust needs to sell or otherwise realise Investment Assets, all serving Trustees should agree to the decision, except where there is an urgent operational need.

Where appropriate, the Trustees will take professional advice before realising Investment Assets, in line with Clause 8 of the Trust Deed.

8. Investments

The Trust's Investment Assets will be managed in line with Clause 8 of the Trust Deed.

The Trustees will review the Trust's investments at least once a year, considering:

- the Trust's charitable purposes;
- the need to protect the value of the Trust's capital; and
- the income being generated and whether it remains appropriate for the Trust's activities.

9. Reporting

The Trustees will explain the Trust's reserves position in the Annual Report and Accounts, in line with Charity Commission requirements.

This will include:

- the total reserves held, showing Restricted, Designated and Free Reserves separately;
- the agreed target range for Free Reserves and how the Trust's actual reserves compare with it;
- the reason for any Designated Funds; and
- an explanation of any decision to use Free Reserves below the agreed target range during the year.

10. Review

The Trustees will review this policy at each Annual General Meeting, or sooner if circumstances change.

Any changes to the policy will be agreed by the Trustees and recorded in the minutes.

Adopted by resolution of the Trustees of Halstock Village Trust on [date].