1. **INTRODUCTION**

This policy is written in the light of the Charity Commissioners' guidance ***"Charity Reserves: Building Resilience" (CC19, January 2016) which states: "All charities need to develop a policy on reserves which establishes a level of reserves that is right for the charity and clearly explains to its stakeholders why holding these reserves is necessary."*** (CC19 page 5).

1. **Policy Statement**

The Reserves Policy of St John’s Church Ashbourne is to hold reserves sufficient to be able to pay three months running costs (utilities and repairs) in order to be able to adapt to any changes in the income and expenditure of the church.

It is therefore agreed that there will be a Reserve Fund set up of ***£4,000***.  This amount will be accounted for separately, £100 will be transferred from the current account to this account each month, until such time as the total reserve figure is met.

1. **Definition of Reserve Fund – what are reserves?**

The Charity Commission defines reserves as:  
***“Reserves are the part of a charity’s unrestricted funds that is freely available to spend on any of the charity’s purpose”***

This definition excludes restricted funds and endowment funds.  Reserves will also normally exclude funds that have been designated for essential future spending and tangible assets for church use.

1. **Purpose of holding reserves**

The purpose of holding reserves is to ensure that the church has sufficient funds available to cope with financial challenges that might arise, such as the loss of income, or an urgent property repair across the three buildings and grounds for which it is responsible.

1. **Procedure**
2. At the time that the budget is set for the financial year, the Trustees will consider the level of reserves to be held to cover any expected cash flow delays as well as potential emergencies where significant expenditure may be required before additional income can be raised.
3. The budget presented to the members for approval will include details of the level of reserves assessed by the Trustees to be required for the financial year.
4. If the amount of unrestricted reserves held exceeds the level assessed as required, the Trustees will develop and present to the members a plan for using these excess reserves in a way that fulfils the charitable objectives of the church.
5. The amount of unrestricted reserves held will be included in each financial report prepared for the Trustee meetings and presented regularly to the Trustees” meeting.

*Approved: February 2022*

*Date of review: February 2023*