



RESERVES POLICY

Policy Statement

A formal policy on reserves was agreed at the meeting of the Trustees on **7th November 2023**

The trustees agreed that we should always aim to maintain reserves of **£40,000**. This is our **target** figure.

Our current reserves are **£100,000**.

The trustees recognise that our reserves are currently higher than the target because:

1. We have a healthy amount of capital which has grown over the years.
2. We have invested the capital in funds and bonds that aim to generate good growth (rather than leaving the money in bank accounts).
3. There have been some years when we have received low numbers of applications and so our expenditure on awards has been reduced.

The Trustees have agreed that:

1. Reserves be maintained at a level which ensures that the charity's **core activity could continue** during a period of unforeseen difficulty for a minimum of **5 years**.
2. A proportion of reserves will be maintained in an easily accessible form.
3. We will confirm (or change) the target figure for Reserves annually.

4. When we review the target, we will take into account our predicted income and expenditure, our planned level of activity and, as far as possible, the current economic climate and trends.

Trustees understand that:

1. When we 'dip into capital' in order to pay out awards, we reduce the overall amount of capital.
2. If we were to attract record numbers of applications, and we needed to 'dip into capital' more substantially, we could begin to seriously reduce the amount of capital and, as a result, reduce the amount of interest (income) we receive on our investments.

Peter Hains

Policy created: November 2023

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