



Registered address: Church Annexe, Dereham Baptist Church,
Norwich Street, Dereham, NR19 1BX. Registered charity number: 1142632

Financial Reserves Policy (2024)

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Signed	Keith Marsh

Love Dereham Ltd

Financial Reserves Policy

1. General policy

- 1.1** The Trustees of Love Dereham Ltd recognise the importance of a reserves policy to help demonstrate good stewardship and financial management and to manage its reputation.
- 1.2** Our policy is to retain sufficient reserves:
- To ensure that the charity has sufficient funds to meet its financial commitments;
 - To demonstrate that the charity is sustainable into the future;
 - To ensure that the charity is able to manage future unforeseen financial difficulties;
 - To ensure that excessive funds are not held without any identifiable reason or for any identifiable purpose.
- 1.3** This reserves policy relates only to the charity's unrestricted funds. Restricted funds may be held in addition to be used for the restricted purpose for which they were given.
- 1.4** The overall responsibility for this policy and its implementation rests with the Trustees of Love Dereham Ltd.
- 1.5** In constructing this policy, the Trustees have paid due consideration to the Charity Commission guidance on charities and reserves.

2. Calculating reserves

- 2.1** Financial reserves are considered in two parts:
- General reserves that are deemed necessary to meet future operational requirements and to protect the charity against future financial uncertainties including loss of income and unexpected increases in operating costs;
 - Reserves set aside to meet future financial commitments for a specific significant project or venture or planned future commitment.
- 2.2** General reserves are calculated after assessing the financial risks faced by the charity and determining:
- The size of any contingency fund required to meet unforeseen operational costs;
 - Any uncertainty that might exist over the continuation of future income flows including donations and other grants;
 - An amount that might be required to cover expected deficits in the cash budget;
 - An amount that might be needed to meet an unforeseen emergency.
- 2.3** Specific reserves are calculated with reference to a planned spending commitment or to fund a specific project or other venture. Generally specific reserves will be treated as designated funds.
- 2.4** Reserves will be reassessed regularly and specifically in the following circumstances:

- A significant change in the core operations of the charity;
- Information coming to light that casts doubt on the charity's future income flows;
- A significant change to the wider environment in which the charity operates, including the overriding economic climate;
- Annually, in the event that no other re-assessment has taken place.

3. Using reserves

- 3.1** Love Dereham Ltd may invest its reserves in accordance with any Investment Policy
- 3.2** In the event that the charity has excess reserves, the Trustees will consider how these funds might be effectively used in the future.

4. Reporting the reserves policy

- 4.1** The Trustees will include an explanation of the reserves policy in their annual report setting out:
- A brief statement of the general policy;
 - The level of reserves held and a brief explanation of why they are held;
 - Where material funds have been designated, the amount and the purpose of the designation;
 - Where designated funds relate to future expenditure, the likely timing of that expenditure.
- 4.2** If the Trustees conclude that no reserves are required, this will be explained in their annual report.