

Reserves Policy

# Section A - General Policy Statement

* 1. The King’s Church needs to maintain a reserve to ensure that each year it can fully deliver the business plan. The reserve is directly linked each year to the business plan and so will vary from year to year.
  2. The reserve is a pot of money set aside that can only be spent with the express permission of the trustee body. The reserve should only be used for the items the reserve has been created for.
  3. Any funding the charity has in excess of the reserve can be used in the running of the charity or invested as the trustees see fit.
  4. This policy sets out the factors that will be considered each year in the calculation of the reserve for that year. The policy will be used during the budget setting process by the trustees of the King’s Church and the reserve figure generated approved in a formal trustees meeting as part of the budget setting process.

# Section B – Scope

2.1 This policy applies to all funds and assets owned by The King’s Church, Wisbech.

2.2 The reserve must be calculated and approved by the trustees by the 16th December each year.

# Section C - Factors involved in calculating the level of reserve required for each year.

* 1. **Cash Flow** – Each year an accurate cash flow should be developed linked directly to the business plan. This cash flow should be very detailed for the coming year and then more general for the next 2 years. The reserve must cover the cash flow to ensure that the bank balance in the current account never goes below zero during the year.
  2. **Unexpected events –** The Trustees will use their judgement and experience to recommend a figure to be included into the reserve that covers potential unexpected events. They need to record their thinking in the minutes of the reserve trustee meeting. This figure will vary dependant on the current financial state of the country as well as The King’s Church itself.
  3. **Known large development or repair projects –** Each year there may be significant projects such as purchases or short-term staffing needs that need to take place to achieve the business plan. The cost of these should be included in the reserve.
  4. **Designated funds** – Funds can also be set aside each year to prepare for future expenditure. These funds should be placed in a designated fund clearly identified for the purpose. This funding can then be used when the expenditure is required.

# Section D – Policy review date

# Date to be reviewed October 2026