

Policy: Reserves

First approved: 10 March 2016

Last reviewed: 21 March 2019

Next review due: March 2022

1.0 Reserves Policy

It has been the policy of the Trustees to distribute the annual net income from its endowment each year in the form of grants to not for profit organisations and a small percentage as hardship gifts to pensioners. At the Trustees' discretion capital has also been withdrawn to supplement income if required. The whole endowment is therefore available as a reserve.

In March 2022 Trustees agreed to increase the annual grant spend to an amount that will exceed the annual net income generated from the endowment each year. This will require either the withdrawal of capital at some point or a change to the fund that the portfolio is currently invested in. This makes the need for having an easily accessible reserve amount extremely important.

Regular cash flow modelling takes place to ensure that future financial commitments can be met and a good understanding of the ongoing balance of funds is held. Income receipts from the portfolio are also paid monthly into the CAF bank account to ensure a consistent level of income is held.

In practice a balance approximately equivalent to at least 6 months forecast expenditure is held as a cash deposit in the bank account with the Charities Aid Foundation. This allows regular payments of grants and invoices to be made easily and also ensures all financial commitments for a 6 month period could be met in the unlikely event of the monthly income receipt from the endowment being delayed or not received.