



The Watmough Memorial Hall

Charity number: 521979

Also known as: **Saxilby Village Hall** (Working Name)

Financial Reserves Policy

Document Review History (as known)

None known

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Amended by: Secretary

Details of amendments:

3: Target Level of Reserves, amended to state six months of normal operating expenditure.

Introduction:

This policy sets out how much money the hall should keep in reserve, why it is needed, and how reserves will be managed.

Typical reserve levels for village halls

Many village halls hold:

- 3–12 months of operating costs as a general reserve.
- Additional designated reserves for major building works (roof replacement, heating systems, car park resurfacing, etc.).
- Separate restricted funds where grants have been awarded for specific purposes.

For a charity-run village hall in the UK, trustees are generally expected to maintain sufficient reserves to cover unexpected costs while ensuring funds are used to further the charity's purposes.

1. Purpose

The purpose of this policy is to ensure that the Village Hall maintains adequate financial reserves to:

- Meet ongoing operating costs and financial commitments.
- Manage unexpected reductions in income.
- Fund emergency repairs and maintenance.
- Provide financial stability during periods of uncertainty.
- Support planned future developments where appropriate.

2. Definition of Reserves

For the purposes of this policy, reserves come under two categories:

- **Unrestricted Reserves** are freely available for the general purposes of the Village Hall. These reserves can smooth the impact of uneven cash flow or be held in case of unexpected events or emergencies.
- **Restricted Reserves** are aside for specific projects. They are set up as needed, in line with anticipated requirements

3. Target Level of Reserves

The trustees aim to maintain unrestricted reserves equivalent to **six months of normal operating expenditure**.

The target reserve level will be reviewed annually and will take into account:

- Regular running costs (utilities, insurance, maintenance, cleaning, administration).
- Known future liabilities.
- The condition and age of the building.
- Potential risks to income.
- Planned capital expenditure.

4. Use of Unrestrictive Reserves

Reserves may be used for:

- Emergency building repairs.
- Replacement of essential equipment.
- Temporary shortfalls in income.
- Unforeseen operational expenses.
- Approved strategic projects where other funding is unavailable.

Any use of reserves must be approved by the Management Committee and recorded in the minutes.

5. Monitoring

The Treasurer will:

- Report reserve levels at each committee meeting.
- Highlight any significant changes in reserve levels.
- Recommend actions if reserves fall below or exceed the target range.

Review of Policy

This policy will be reviewed annually by the trustees to ensure it remains appropriate to the Village Hall's financial circumstances and future plans.