

“Newchurch Village Community Association” Is the working name of NVCA, a company limited by guarantee, Company Number 12027719
NVCA is a registered charity, charity number 1194179

NVCA

Reserves Policy – required amount

Please refer to the NVCA Reserves Policy

1. Per the charity commission – How to set a reserves policy

“Your reserves policy should set out: how much your charity needs to hold in reserve and why how and when your charity’s reserves can be spent how often the reserves policy will be reviewed You can set aside enough money to meet a potential need, such as an unexpected drop in income. If you set aside money for a specific purpose, such as building works, make it clear that this is separate from the charity’s general reserves.”

Our reserves policy covers this. The potential commitment to the Woodside Hut would require setting aside from the general reserves, however until the commitment precipitates, we need to retain reserves to cover the potential project of the hut.

Conversely, charities should not hoard funds and apply the funds raised to its purposes. Should the potential commitment to the hut evaporate then the reserves policy and the amount that should be retained would have to be reviewed at that time.

2. Unrestricted reserves

Reserves which are restricted, or designated, do not form part of the unrestricted reserves. As at our year end 30th June 2023 the unrestricted reserves were £4,994.

3. Transfer from Newchurch Village Community Association

When the old association was transferred to NVCA we were advised that the funds should be treated as income for NVCA. The funds transferred on the 1st July 2021 were £4,515.58 which consisted of restricted funds relating to the Staghills play area of £412.10, designated funds of £1,000 for defibrillator batteries and unrestricted funds of £3,103.48.

4. Funds movement since the association transfer.

In the year to 30th June 2022, there was a surplus £1,324.13 and 2023 surplus £2,089.12. during these two years it was established the Staghills play area reserve was not required and to honor the restricted nature of the fund raising we increase the defibrillator batteries designated fund by £500 to £1,500.

This was an increase in unrestricted funds of £1,890.52 over the two years.

5. Required amount of retained reserves

The recurring expenses which would have to be covered in the event all income ceased are £2,300 for one year.

This figure is based on the accounts to June 2023 plus the new commitments of the green and also the little park.

| | Recurring |
|------------------------------|------------------------|
| Bank Charges | 0.00 |
| Companies House Charges | 13.00 |
| Domain Charges | 250.00 |
| Health and Safety Costs | 0.00 |
| Independent Examination Fees | 165.00 |
| Insurance | 350.00 |
| Miscellaneous Expenses | 0.00 |
| Postage and Carriage | 10.00 |
| Printing & Stationery | 0.00 |
| Subscriptions | 75.00 |
| SumUp Charges | 0.00 |
| Accountancy Programme | 325.00 |
| Venue Use Donations | 150.00 |
| Lottery Licence | 20.00 |
| Little Park Upkeep Costs | 250.00 |
| Green Upkeep Costs | 600.00 |
| | <u>2,208.00</u> |
| say | <u>£2,300</u> |

On this basis the unrestricted retained reserves required for the reserves policy would be £2,300, or £4,600 if two years is deemed required.

It would seem sensible to work on the basis of one year at £2,300.

This would leave other unrestricted reserves of £2,694.

But the possibility/probability of the Woodside hut becoming a reality there would be a requirement of reserves to cover the costs involved in taking on the hut and running the hut.

It would be prudent therefore, to retain reserves to cover those costs.

How much is the question? Until the Rossendale BC progresses with the handover we will not know what repair costs we will have to cover.

There will also be running costs of the hut, which under the reserves policy, we would need to retain one year of costs assuming no income. In addition, we would have to consider the future cost of closure of the Woodside Hut.

At the moment we should retain all reserves until the hut situation precipitates or evaporates.

Iain Blair
Finance Trustee
NVCA

January 2024