



Reserves Policy

HIBBERT ALMSHOUSE CHARITY

[This policy is an example and should be tailored to the charity's circumstances.]

1 Introduction

- 1.1. The trustees of Hibbert Almshouse Charity, (HAC) take the view that reserves are essential to maintain the ongoing viability of the charity.
- 1.2 The Hibbert Almshouse Charity will consider whether it is appropriate to set aside designated reserves including transfers to Extraordinary Repair Fund (ERF), Cyclical Maintenance Fund (CMF) and General Reserve funds each year. These are designated funds and not regarded as Free reserves (see below for further details).
- 1.3 Restricted funds are in addition to designated reserves as described above. The nature and amount of any such Restricted funds may impact upon the Reserves Policy. The starting point for calculating designated reserves will normally be the unrestricted funds, however part of these may not be readily available or realisable for spending and may not be available for transfer to designated reserves. This may include certain tangible fixed assets and any programme related investments.
- 1.4 The level of reserves will be kept under review throughout the year by the Trustees.

2 Extraordinary Repair Fund (ERF)

This designated fund will be used for future major expenditure and transfers will be made from the Income and Expenditure Account, as recommended by the Almshouse Association. The fund may also be used for major refurbishment projects and, should the balance grow sufficiently, consideration will be given to the provision of further almshouses in accordance with the charity's objects. Consideration will also be made to invest this fund in investment funds, however the timing of when major items of expenditure will occur will also be reviewed.

3 Cyclical Maintenance Fund (CMF)

This designated fund, to which transfers are made from the Income and Expenditure Account, as recommended by the Almshouse Association, will be used to meet maintenance costs occurring at regular intervals e.g., refurbishing kitchens and bathrooms, interior and exterior redecoration and the cost of professional fees such as for Quinquennial Inspections.



4 General Reserve Fund

- 4.1 The HAC recognises the need to have sufficient funds in reserve readily available or investments convertible into cash to cover day to day expenditure, especially in the event that there is a reduction in WMC income following the departure of residents pending new residents being appointed.

In order to mitigate this risk, the trustees have calculated that free reserves of one year's expenditure would be needed to allow the charity to operate for at least twelve months without income from WMC.

- 4.2 The HAC recognises the need for investment income to meet the regular excess of costs over weekly maintenance contribution (WMC income) and has resolved to maintain reserves amounting to one year's expenditure to generate such income.

5 This policy has been approved for issue by the board of trustees of Hibbert Almshouse Charity

Signature:

E. S. Kennedy

Name:

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Date:

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6 Review date: 10.25

Resources, further help and information

Link/s up-to-date and functioning at the time of publication.

Charity Commission

<https://www.gov.uk/government/publications/charities-and-reserves-cc19>