

## Reserves Policy

<b>Version:</b>	1.0
<b>Date approved:</b>	15/06/2023
<b>Approved by:</b>	Board of Trustees
<b>Date of last update:</b>	
<b>Period for review:</b>	Every three years
<b>Policy Scope:</b>	Organisation wide
<b>History of changes:</b>	-

The Charity Commission's CC19 guidance states: "There is no single level or even a range of reserves that is right for all charities. Any target set by trustees for the level of reserves to be held should reflect the particular circumstances of the individual charity. To do this, trustees need to know why the charity should hold reserves and, having identified those needs, the trustees should consider how much should be held to meet them."

The aim of this policy is to ensure HYCC has the correct level of reserves in place as a contingency. Based on the circumstances of the HYCC charity the trustees have discussed and agreed the reserves are set at the level of 6 months operating core cost expenditure. Reserves are held to help HYCC continue to operate effectively in the event of a loss of income, and to meet any unforeseen expenditure. The sum of 6 months operating core costs is reviewed annually by the Treasurer and agreed at a meeting of the board of trustees after the latest set of annual financial statements have been prepared.

Analysis of any shortfall or excess against the reserve target set and a description of any action(s) being taken to bring the reserves into line with the target should take place annually.

The reserves can be used to cover;

- unforeseen operational core costs,
- emergencies or unexpected events, or
- short term deficits in cash flow

The funds allocated to reserves may only be drawn with the approval of the board of trustees.