Christ Church, Bath

Charity No: 1055275

Reserves Policy

What are reserves?

Reserves are that part of the charity's unrestricted funds that is freely available to spend on any of the charity's purposes. The starting point for calculating the amount of reserves held is therefore the amount of unrestricted funds held by the charity. However, some or all of the unrestricted funds of a charity may not be readily available for spending. This is because spending those funds may adversely impact on the charity's ability to deliver its aims. The items that should be excluded from reserves are:

- tangible fixed assets used to carry out the charity's activities, such as land and buildings
- social investments
- designated funds set aside to meet essential future spending, such as funding a project that could not be met from future income
- commitments that have not been provided for as a liability in the accounts.

Definition of reserves for Christ Church

In the context of this policy, reserves are defined as the unrestricted funds after excluding:

- tangible fixed assets
- freehold investment property
- designated funds

Reserves policy

The trustees have set a level equivalent to **6 months** of average operating costs for the charity as the desired level of reserves. The operating costs are to exclude depreciation, expenditure from restricted or designated funds, and any other exceptional costs.

This is to provide a contingency to protect the future operation of the charity from the effects of any unforeseen variations in its income and expenditure. It also provides cashflow cover for grants that are paid in arrears and for the non-uniform cash outflow on routine repairs & maintenance.

Designated funds

The trustees have designated reserves where there are planned commitments that cannot be met by anticipated future income alone. These are:

Cyclical maintenance designated fund - to be used for major items of maintenance of the fabric of the buildings which cannot be funded out of regular income. This is set at an initial level of £100,000.

Review schedule

The reserves policy and the levels of reserves required are reviewed yearly as part of the annual budgetary process.

Version Control

v0.1	17.09.2024	Initial draft	Z. Bushell
v0.2	19.09.2024	Minor updates following trustees meeting	Z. Bushell
v0.3	07.05.2026	No changes made	N Wells