

BATTLE SCARS CIO RESERVES POLICY

Policy information	
Organisation	Battle Scars
Scope of policy	Applies to the general running of the organisation.
Policy operational date (original)	20/09/18
Policy prepared by	Jenny Groves – CEO
Date approved by Board	15/01/24
Reviewed on	06/01/24
Reviewed by	Jenny Groves - CEO
Policy review frequency	By 31/01/26 Every 2 years
Amended	No
Reserves review frequency	At every general meeting (at least every 6 months but preferably quarterly or at every general board meeting)
Distributing	This policy will be available on the Battle Scars website.
Introduction	
Definition	Reserves are that part of a charity's unrestricted funds that are freely available to spend on any of the charity's purposes including unrestricted funds that have been allocated to a specific budget by the Battle Scars board. This definition excludes restricted income funds and endowment funds (although holding such funds may influence a charity's reserves policy). Reserves will also normally exclude tangible fixed assets such as land, buildings and other assets held for the charity's use.
Why have a reserves policy	A reserves policy: <ul style="list-style-type: none"> • fully justifies and clearly explains keeping or not keeping reserves; • identifies and plans for the maintenance of essential services for beneficiaries; • reflects the risks of unplanned closure associated with the charity's business model, spending commitments, potential liabilities and financial forecasts; • helps to address the risks of unplanned closure on their beneficiaries (in particular, vulnerable beneficiaries), staff and volunteers; • helps the organisation manage its resources; • helps the organisation to match its reserves to its requirements and no more, otherwise the charity would hold reserves that are too high or too low.
What would we use reserves for	<ul style="list-style-type: none"> • For an unforeseen emergency or other unexpected events or opportunities. We will consider the risks and how much might be needed for such contingencies. This

	<p>will involve thinking of events that may occur and how likely they will happen.</p> <ul style="list-style-type: none"> • To cover unforeseen operational or core costs. • To cover gaps in income if a grant is not renewed or is unexpectedly taken away • To provide funds for planned large commitments that cannot be met by future income. This could also include a project that requires 'match funding'. • To cover short-term deficits in our cash flow before a grant is received.
Reserves	
Why did we set these reserves	To provide the organisation with adequate financial stability and the means to meet its charitable objectives for the foreseeable future. The trustees propose to maintain the organisation's unrestricted reserves at a level which is to three to six months' operational expenditure according to the Battle Scars' budget.
How did we set our reserves	<p>We have considered the following:</p> <ol style="list-style-type: none"> 1. cash flow and forecasts; 2. a review of existing funds and reserves; 3. a review of income streams; 4. a review of likely future expenditure; 5. a review of past operational and other trends; 6. the likely effects of changes on the public and beneficiaries; 7. a review of the major risks facing the organisation; 8. an analysis of true needs, contingencies and risks and the potential consequences for the organisation not being able to meet them.

RESERVES – TO BE REVIEWED AT EVERY BOARD MEETING			
Financial year:	2022-23	Amount at start of year:	£10,000
Financial year:	2023-24	Amount at start of year	£37,778
Approximate budget for 2023-24			£200,000
3 months' reserves		Minimum amount	£50,000
6 months' reserves		Maximum amount	£100,000