

**Finchingfield Guildhall Financial Reserves Policy**  
**Agreed at a meeting of Finchingfield Guildhall CIO on Tuesday 6<sup>th</sup>**  
**January**

Preamble: Charity law requires money to be kept aside as a reserve to protect the charity against drops in income or to allow it to take advantage of new opportunities.

The policy will be based on the Charity Commission's document "Charities and Reserves" – first published in June 2010

Finchingfield Guildhall will plan to hold reserves for the following reasons:

- a) to cover the risk of unforeseen emergency or other unexpected need for funds;
- b) to cover unforeseen day -to -day operational costs;
- c) to prepare for and deal with a source of income not being realised;
- d) for planned commitments that cannot be met by future income alone;
- e) to cover short-term deficits in a cash budget.

Amount to be held in reserve

1) As Finchingfield Guildhall changes to annual VAT returns, each month the VAT due to HMRC will be paid into the reserve.

2) The charity will aspire to deposit 5% of annual income into the reserve to act as a sinking fund.