

Charney Hall and Field Trust (CHAFT)

Charity No 294765

RESERVES POLICY

1. Summary Statement of Policy

A formal policy on reserves was agreed at the Special Meeting of the trustees of CHAFT on Thursday 25th February 2016. The policy states:

In conformity with the Charity Commission's Recommended Practice the trustees have set a reserves policy which requires that reserves be maintained in a readily realizable form at a level which ensures that the core activities of CHAFT could continue to be financed for a period of one year in the event of any unforeseen difficulty. It also assigns sufficient funding as designated funds to cover anticipated expenditure in each of the two areas of responsibility of the Trust: Charney Village Hall and Charney Field.

The calculation of the required level of reserves takes into account the risks associated with any stream of income or expenditure being different from that budgeted, planned activity level and CHAFT's commitments to users of the Village Hall and Charney Field. This reserves policy is an integral part of the CHAFT's planning, budget and forecast cycle. Both the policy and the specific levels of funding assigned to the reserve or to designated funds will be reviewed annually and reported in the Annual Report of the trustees of CHAFT.

2. Introduction

CHAFT has been constituted as a local charity to run two village amenities, the village hall and the recreation field for the benefit of the local inhabitants. Faced with the need to draw down accumulated funds and to solicit some additional support from external funding bodies, the trustees have developed and agreed a policy on reserves, in line with best practice. This recognizes the need to designate funds to meet major anticipated costs while maintaining a realistic and prudent reserve based on a risk assessment of income, expenditure and the operating environment of CHAFT.

3. Risk assessment: against income and expenditure

CHAFT's main income is derived from hiring of the village hall for leisure time activities. This income stream cannot be greatly increased owing to the lack of car parking facilities which has led to an agreed policy of hiring being reserved to village groups. Income is highly dependent on continuation of current classes and on a few key annual fund-raising events. Recurrent expenditure is largely devoted to services, maintenance and insurance. Grass-cutting on Charney Field has been provided free of charge by an adjoining landowner since 2002, representing a very large avoided cost to CHAFT which cannot be assumed to continue indefinitely.

4. Future activity level: likely requirements on reserves

CHAFT's activity level is determined by (i) demand for facilities on Charney Field and their scheduled maintenance and refurbishment and (ii) use of the hall for events and classes. Neither is expected to change significantly in the immediate future. However, a reserve is needed to enable continued operation for a period of one year in the event of unexpected additional costs and/or a major loss of hire income, in light of the perceived risk to one or both of these factors.

5. Organizational commitments

CHAFT's commitments are to maintain for the community a weathertight, warm and attractive village hall facility which meets safety and access standards and to provide a sports field and recreation ground with a separate safe children's play area with appropriate facilities for a range of ages and abilities.

6. Current and target levels of General Reserve and Designated Funds

The trustees consider it appropriate to maintain a general reserve of unrestricted funds sufficient to finance one year of ongoing operating costs and to designate specific funds for the maintenance of the Village Hall and Charney Field.

The General Reserve and Designated Funds are tabulated below. The current figures are as at June 2018 with the target amounts to be maintained or achieved by end 2018-2019.

| Fund Name | Purpose | Anticipated term (FY) | Current holding (31 March 2018) | Target amount (31 March 2019) |
|----------------------------------|---|------------------------------|--|--------------------------------------|
| General Reserve | To fund continued operation for one year in the event of major loss of income or increase of expenditure. | 2018-19 | £2,643 | £3,000 |
| Charney Village Hall Fabric Fund | To cover anticipated costs of refurbishment of roof, flooring and heating and internal redecoration. | 2018-19 | £10,000 | £10,000 |
| Charney Field Refurbishment Fund | To cover anticipated and potential capital and recurrent costs of equipment, fencing and maintenance. | 2018-19 | £8,900 | £10,000 |
| Total: | | | £21,543 | £23,000 |

In 2016-17 the Charney Field Refurbishment Designated Fund was set at £16,000 in anticipation of the need to purchase replacement play equipment. Despite applying for and receiving a substantial grant (£9,600) from Vale of White Horse District Council, the fund was substantially depleted and stood at £882 at the end of financial year 2016-17. The trustees agreed a transfer from General Reserve of £4000 at 31 March 2017. A further transfer from General Reserves of £4017.67 was agreed by the Trustees at 31st March 2018.

In view of the foreseeable needs for expenditure on maintenance, replacement and extension of the amenities of Charney Field the Trustees have confirmed at their meeting of 3rd May 2018 their commitment to rebuild the Field Refurbishment Fund to reach a figure of £10,000 by the end of financial year 2018-19.

Document history: CHAFT Reserves Policy.
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