

South Oxford Community Association Policy and Practice for Financial Reserves

Introduction

SOCA has a responsibility to apply its income to the purpose of running and managing a community centre as set out in its constitution. The trustees however acknowledge that a reserve should be established and kept in order to fulfil any financial obligations should either the charity itself fail or its work under the constitution become impossible e.g. in the event of the premises becoming so dilapidated that user numbers fall to the extent that the charity's work is no longer sustainable or fire or flood force the centre to close.

Calculating the Reserve

The reserve fund will consist of:

1. The amount needed to meet **staff redundancy payments** based on age, length of service (plus 1 year added to the service record), along with any liability for income tax or national insurance payments thereon. This formula to comply with current statutory requirement and is checked annually to calculate the figure.
2. A sum representing the equivalent of **3 months annual expenditure**, based on the latest available accounts, to meet balancing and closing payments on all other financial outgoings to suppliers of e.g. fuel and other supplies (but not wages as these are calculated using formula in point 1 above).
3. This reserve fund will be held in an interest bearing deposit account and the amount reviewed no less than once a year.
4. This policy to be checked and approved annually by Committee in time for the Annual General Meeting

The value of the reserve fund is £28,440 for 2017

This Policy was adopted by Committee on: 23rd March 2009 and reviewed by Committee February 2017

Signed...Marie Tidball Vice Chair..... Date: ...16th Feb 2017.....