

RMVC Financial Reserves Policy

1. Introduction

This policy describes how Reading Male Voice Choir (RMVC), a charity registered with the UK Charity Commission, maintains adequate financial reserves to safeguard its operations, meet unforeseen expenses, and support its charitable objectives.

This policy aligns with the guidance provided by the UK Charity Commission.

2. Responsibilities

- Trustees: Overall responsibility for the charity's financial management and implementation of internal financial controls.
- Treasurer: Oversees financial operations and ensures compliance with this policy.

3. Definition of Reserves

Reserves are the funds that are freely available to RMVC and not designated for specific purposes or restricted by donors.

Reserve funds exclude fixed assets, endowments, and restricted funds.

4. Rationale for Holding Reserves

The Trustees have identified the following reasons for maintaining reserves:

- To protect against unexpected drops in income.
- To ensure continuity of services during financial uncertainties.
- To provide funding for unforeseen opportunities or emergencies.
- To meet legal and contractual obligations.

5. Target Level of Reserves

The target level of reserves is set at £19,000.00 (2025 Value), which represents twenty-four months of normal operating costs. This level has been determined by the Trustees based on an assessment of the charity's financial risks, income streams, and expenditure patterns.

The target level of reserves may be revised as necessary by the Trustees.

6. Use of Reserves

Reserves will only be used with the approval of the Trustees and in accordance with the charity's objectives. Any use of reserves will be documented, and a plan for replenishment will be developed.

The financial reserves are held in a separate reserve bank account from the choir's current bank account used for normal charity activities.

The Treasurer will manage the reserve bank account as required by this policy and the Financial Controls Policy.

7. Monitoring

The level of reserves will be monitored regularly and reported to Trustees, in the Trustees' Annual Report to the Charity Commission and to the Annual General Meeting

8. Reporting on Reserves

In compliance with the Charities Statement of Recommended Practice (SORP), RMVC will include the following in its Trustees' Annual Report:

- The rationale for holding reserves.
- The target level of reserves and how it was calculated.
- The actual level of reserves at the end of the financial year.
- Any plans for building or reducing reserves.

9. Review and Update

The reserves policy will be reviewed annually by the Trustees to ensure it remains appropriate and reflects the charity's financial position and strategic priorities.

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