



Old Farnley & District Community Association

Trading as Farnley Community Centre

Charity Number: 1206552

RESERVES POLICY

Effective from: 01/09/2026

Review by: 01/09/2027

Reserves Policy

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For: Old Farnley & District Community Association trading as Farnley Community Centre

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1. Policy Statement

Old Farnley & District Community Association, trading as Farnley Community Centre, is committed to maintaining financial stability and protecting the organisation from unexpected financial challenges. This Reserves Policy sets out how we manage and use our reserves responsibly, in line with Charity Commission guidance.

2. Purpose of Reserves

- To provide financial stability and ensure the charity can continue to operate during unforeseen circumstances.
- To cover unexpected expenditure or loss of income.
- To allow time for alternative funding to be sought if a major income stream ends.
- To fund one-off costs such as building repairs, equipment replacement or development projects.

3. Definition of Reserves

Reserves are that part of the charity's unrestricted funds that are freely available for general use. They exclude restricted funds, fixed assets, and funds already designated for specific purposes.

4. Level of Reserves

The charity aims to maintain reserves equivalent to between 3–6 months of normal operating costs. This level is considered appropriate to manage risks and ensure continuity of services.

5. Monitoring & Reporting

- The Treasurer will monitor reserve levels and report to trustees quarterly.
- The level of reserves will be reviewed annually as part of the budgeting process.
- Trustees will explain the reserves position in the Annual Report in line with Charity Commission requirements.

6. Use of Reserves

- Reserves may be used with the approval of the Board of Trustees.
- Decisions on use will consider the long-term sustainability of the charity.
- Reserves may be designated for specific future projects, but this must be agreed and minuted by trustees.

7. Policy Review

This policy will be reviewed annually or sooner if required by significant changes in financial circumstances or Charity Commission guidance.

8. Policy Governance

- Approved by the Board of Trustees of Old Farnley & District Community Association on 01/09/2026
- Next review due annually.
- Policy owner: Treasurer (with oversight by the Board of Trustees).