

# South Oxford Community Association Policy for Financial Reserves

## Introduction

SOCA is responsible for managing its financial resources for the purpose of running and managing a community centre as set out in its constitution. The trustees acknowledge that an appropriate minimum level of liquid reserves should be maintained in order to fulfil financial obligations in the event of the charity failing or the charity's work under the constitution becomes impossible e.g. in the event of income levels falling to the point at which the charity's work is no longer sustainable or fire or flood force the centre to close.

## Calculating the Reserve

The reserve fund will be maintained at the level that is appropriate to meet:

1. The amount needed to meet **staff redundancy payments** in the event of closure, 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. This formula will comply with current statutory requirement and will be assessed annually to maintain the correct level of resource.
2. A sum representing the equivalent of **3 months recurrent expenditure**, based on the most recent accounts, to meet balancing and closing payments on all 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 will be reviewed annually.
4. This policy will be reviewed annually by the Management Committee in time for the Annual General Meeting

**The value of the minimum reserve fund is £22,500 for 2021**

This Policy was adopted by Committee on: 23<sup>rd</sup> March 2009 and last reviewed by the Committee on March 4<sup>th</sup> 2021

Signed...Bob Price..... Date: .....4<sup>th</sup> March 2021.....

Name.....Bob Price.....