



## Reserves Policy 2020-21

This policy outlines the Financial Reserves held by Girlguiding Gloucestershire

### Our Beneficiaries

The beneficiaries of Girlguiding Gloucestershire are all the individual members who benefit, from its core programmes and therefore a 12 month reserve would allow Girlguiding Gloucestershire the opportunity, if necessary, to wind down its programme of activities.

### Rationale behind the Reserves Policy

Girlguiding Gloucestershire runs an Activity Centre at Deer Park Cowley and owns land at Bubbs Hill providing opportunities for outdoor and indoor residential activities for its members.

Girlguiding Gloucestershire would have a duty of care to its employee, the Centre manager, if giving notice of the closure of the Activity Centre to enable normal operating activities to continue over a period of up to 12 months should a shortfall in income occur and to take account of potential risks and contingencies that may arise from time to time. Deer Park is leasehold and this lease has only 48 years left to run, therefore monies need to be accrued for the purchase of a suitable replacement should the freeholder refuse the renewal of the lease.

Excluded from the Reserves Policy is income associated with:

- Endowment Funds
- Donor Restricted Funds (Earmarked Income)

In order to demonstrate transparency, accountability and sound financial management the Girlguiding Gloucestershire Reserves Policy clearly justifies the amount of reserves retained each year.

### Steps taken to establish the level of reserve

In order to make a judgment on the amount of reserve the Trustees have considered the risks in respect of expenditure, unrestricted income and where appropriate restricted income and where funds can only be realised by the disposal of a fixed asset. Also taken into consideration are any external identified potential major risks to income and expenditure during the year under consideration.

A risk assessment has been undertaken for 2020 and the following has been determined using the Risk Identification approach:

- Unrestricted Income: Medium Risk
- Restricted Income: Low Risk
- Expenditure: Medium Risk

### Level of reserve required by the Girlguiding Gloucestershire

After reviewing our current position it indicates the following:

Girlguiding Gloucestershire should hold in reserve approximately 12 months operating capital which within the current budget period equates to £80,000.

Current Reserves equal £411262 which are held as investments

Reserves will be used in the following manner:

- To maintain the core activities of Girlguiding Gloucestershire for 12 months in the event of a catastrophic loss of income
- To build up a contingency against the need to purchase a replacement for the leasehold Activity Centre.
- To develop Bubbs Hill so that Girlguiding Gloucestershire is no longer dependant on Deer Park in order to carry out its core functions.

### Monitoring and reviewing the Reserves Policy

This policy will be reviewed at the budget setting Trustee meeting each year. The Chair of Finance and or the Accountant will present the Trustees with a draft document and supporting materials that enables them to make an informed decision about levels of Reserves and feeds into their approval of the Annual Operating Budget.

Policy agreed: date..... signed.....