



Reserves – what do you need to know?

Laura Anderson – Head of Professional Advice and Intelligence

Today's agenda

- What do we mean by the term 'reserves'?
- What are unrestricted reserves?
- Why are reserves important?
- Explaining what a reserves policy is
- Thinking about the level of reserves to hold
- Questions and discussion

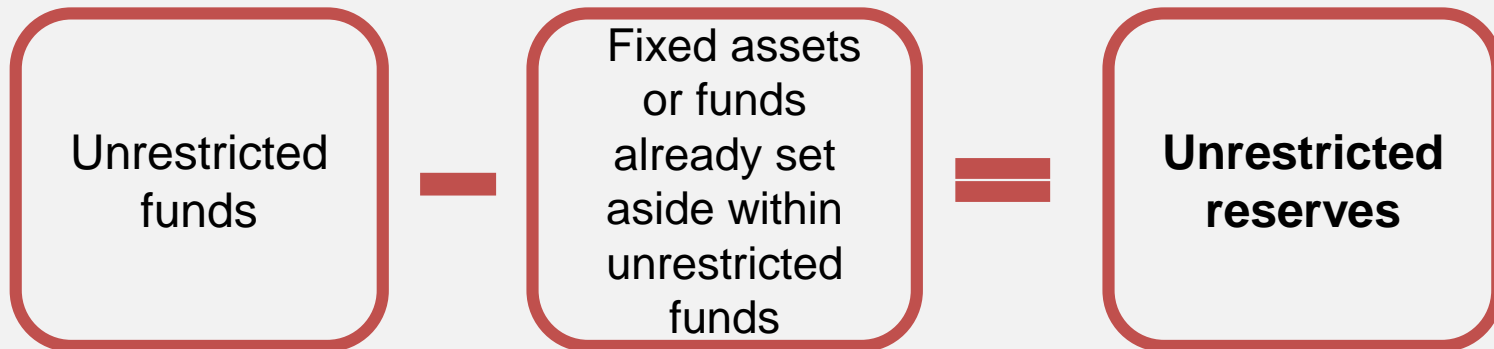
Reserves – the basics

Reserves are the funds that the charity has which can be freely spent on any of its charitable purposes

Reserves do not include:

Restricted funds, endowment funds or tangible fixed assets

Unrestricted reserves



Why are reserves important?

- Good governance –
 - Helps trustees to understand the financial health of the charity
 - A critical way for the charity to be resilient
 - Adds flexibility
 - Helps with future planning

Reserves policy

It will be specific to the charity and should include:

- A brief description of the charity, its beneficiaries and its funding streams
- The rationale behind the reserves policy
- Steps taken to establish the level of reserves
- The level of reserves required
- How and when the reserves policy will be reviewed

Getting the level right

Charity trustees should consider what the reserves should be for their charity and why.

Factors to consider would include:

- Type of activities
- Beneficiary groups
- Funding streams and sources
- What would the impact be if a major source of funding suddenly stopped?
- What level of risk can be tolerated?

Ongoing responsibilities

- Monitor performance against the reserves policy
- Modify the policy if necessary
- Trustees should think about how they will report on the charity's performance and any changes that are made

Discussion and questions



Keep up-to-date with OSCR



@ScotCharityReg



www.oscr.org.uk/news



OSCR



www.oscr.org.uk/newsletter