

Developing a reserves policy

Guidance for charity trustees



The Charity Commission for Northern Ireland

The Charity Commission for Northern Ireland is the regulator of charities in Northern Ireland, a non-departmental public body sponsored by the Department for Communities.

Our vision

To deliver in partnership with other key stakeholders in the charitable sector “a dynamic and well governed charities sector in which the public has confidence, underpinned by the Commission’s effective delivery of its regulatory role”.

Further information about our aims and activities is available on our website www.charitycommissionni.org.uk

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Online or in print

If you are viewing this document online, you will be able to navigate your way around by clicking on links either within the contents page, summary flow chart or text.

We have produced a glossary that provides further information, definitions and descriptions of some key terms. The words in **bold green type** indicate words that are found in the glossary towards the end of this document. If you are reading the document online you can click on the word and it will link you to the definition in the glossary. The words in *blue italics* indicate other guidance, databases or external websites.

Please check our website www.charitycommissionni.org.uk to make sure you’re using the latest version of forms and guidance.

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Structure of the guidance

Section 1: Overview

This section sets out helpful background information such as who the guidance applies to and what it covers. There is also a list of key terms that it will be useful to understand when reading the guidance.



Section 2: What are reserves?

This section of the guidance explains the different types of funds that charities can hold and why a charity may need to hold reserves.



Section 3: Why have a reserves policy?

This section sets out the benefit of having a reserves policy. There is guidance on setting a level of reserves, investing reserves and monitoring and reviewing reserves.



Section 4: Reporting reserves in the Trustees' Annual Report

This section provides guidance on explaining why a charity does not hold reserves or has excess reserves or unspent funds. It also provides guidance on explaining reserves in the trustees' annual report.



Appendix 1: Key headings for a reserves policy

These headings will help charity trustees to develop a reserves policy.

Section 1: Overview

All charity trustees have an obligation to manage their charity in the best interests of the charity and its beneficiaries. This involves managing the charity's income, running costs, future plans and potential risks. As part of this process charity trustees should, if appropriate, hold reserves to help manage any short term fall in income. Developing a reserves policy will help the charity trustees to identify what level of reserves their charity needs. It will also enable charity trustees to explain to funders, donors, beneficiaries and the public why it holds a particular level of reserves and help ensure a better managed charity.

What does this guidance cover?

This guidance is designed to help charity trustees to understand the importance of having a reserves policy. The key areas to be considered by charity trustees include:

- What are reserves?
- Why does a charity need reserves?
- What level of reserves is appropriate for my charity?
- How will we build up these reserves?
- Can we invest our reserves?
- How will the reserves be monitored and reviewed?
- Reporting reserves in the Trustees' annual report

The guidance also provides the headings for use in a reserves policy and signposts to other regulators who will be interested in a charity's reserves policy.

What does this guidance not cover?

This guidance does not provide in depth financial advice. Charity trustees should seek advice about finance and investments from a suitably qualified person.

Who does this guidance apply to?

The guidance has been developed to assist charity trustees to understand the need for a reserves policy. It is also designed to help donors, funders, charity advisers, beneficiaries, members of the public and other stakeholders to understand the importance of charities holding appropriate reserves.

What are legal requirements and best practice?

In this guidance, where we use the word 'must' we are referring to a specific legal or regulatory requirement. We use the word 'should' for what we regard as good practice, but where there is no specific legal requirement. Charity trustees should follow the good practice guidance unless there is good reason not to do so. The Commission will expect charity trustees to be able to explain their approach, especially if they decide not to follow the good practice set out in this guidance.

Charity legislation

References in this document to 'the Charities Act' are to the **Charities Act (Northern Ireland) 2008**.

References to 'the accounting and reporting regulations' are to **The Charities (Accounts and Reports) Regulations (Northern Ireland) 2015**.

Key terms

The following are some key terms that it will be useful to understand when reading this guidance.

Restricted funds: are those funds that the charity trustees are obliged to spend in a specific way or for a specific purpose as set out in a funding letter of offer or services contract, specified by grant maker, donor or in an appeal document. These particular purposes are narrower than the charity's purposes.

Endowment funds: In simple terms, an endowment fund is a gift of property or money given to a charity as a restricted fund. Trust law requires a charity to invest the assets of an endowment, or to retain them for the charity's use in furtherance of its charitable purposes, rather than apply or spend them as income. The income generated from endowment funds held for investment, is then used to further the purposes of the charity.

Unrestricted funds: are those funds which the charity trustees are able to spend at their discretion for any of the charity's purposes. Unrestricted funds may also contain monies which the charity trustees have earmarked for a particular purpose; these earmarked funds are called designated funds. Such designated funds are legally part of the unrestricted funds,

though they may be reported separately in the balance sheet or notes, where accruals accounts are prepared, or as part of unrestricted funds, where receipts and payments accounts are prepared. Unrestricted funds can also include general funds and free reserves.

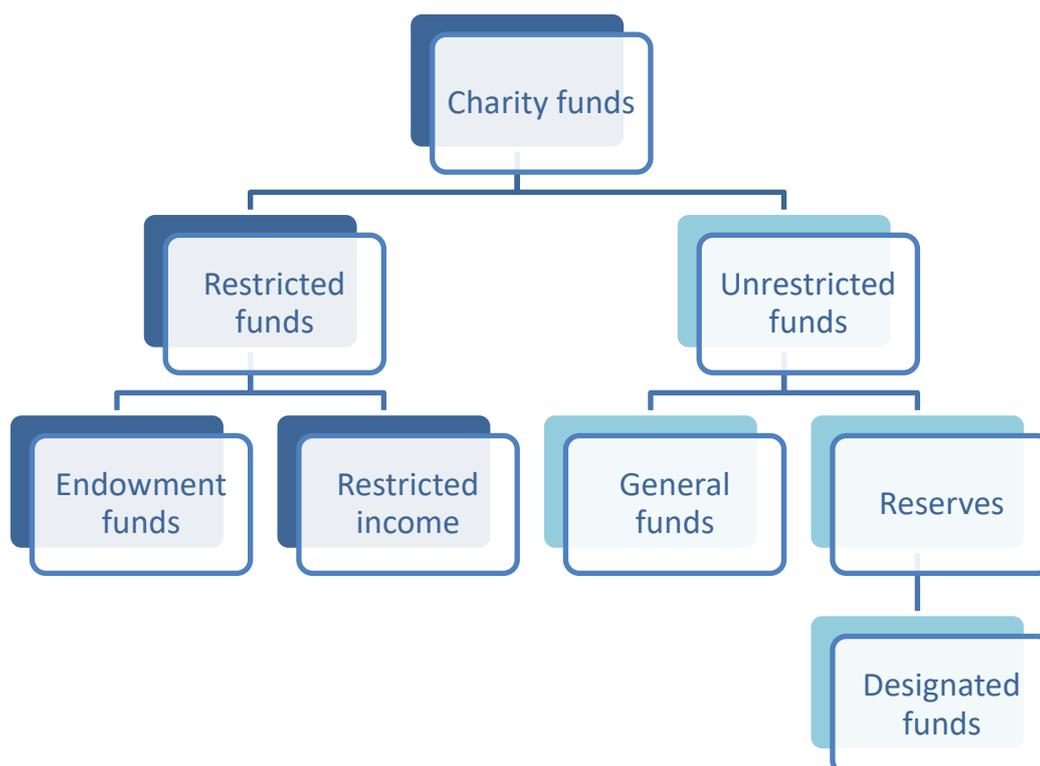
Designated funds: Designated funds are part of the unrestricted funds which charity trustees have earmarked for a particular project or use, without restricting or committing the funds legally. The designation may be cancelled by the charity trustees if they later decide that the planned project is not going ahead.

General funds: General funds are those funds which are not assigned to a special purpose. They are unrestricted and may be used to further the charities purposes, for the day-to-day activities of the charity and to pay for administrative and operating expenses that are not covered by restricted income or grants received.

Reserves: Charity reserves are that part of a charity's income which is available to spend at the discretion of the charity trustees. They are unrestricted and are generally intended for future unexpected need or to pursue an opportunity in line with the charity's purposes.

Section 2: What are reserves?

A charity's funds are its unspent resources or income and may include both restricted and **unrestricted funds**. The diagram below shows what types of funds or income may be included in a charity's overall funds. All funds have to be spent on the charity's purposes and area of benefit.



Reserves are that part of a charity's unrestricted income that is set aside to meet future, unexpected needs or pursue an opportunity. These funds are freely available to spend on any of the charity's purposes. They are not subject to commitments, planned expenditure and spending limits. Reserves do not include **restricted funds** or **endowment funds**. They exclude fixed assets, for example land, buildings or other assets held for a charity's use and should also exclude **general funds** and monies already designated for essential future spending.

Example 1: Designated funds

Charity trustees have taken a decision to set aside or designate a portion of the charity's reserves to meet the cost of essential repairs. These **designated funds** are reported separately in the charities accounts. Later, the charity trustees include these funds as part income towards the development of a non-essential service.

Designated funds may be reallocated where the charity trustees later decide that the charity should not proceed or continue with the use or project for which the funds were designated. However, charity trustees should be satisfied that any reallocation of designated funds is in the best interests of the charity.

Example 2: Designated funds

Charity trustees believe they may have to make redundancies during the year. They decide to designate a portion of the charity's reserves to meet any redundancy payments.

While designated funds are not legally committed funds, charity trustees should carefully consider the risks and benefits to the charity of a subsequent reallocation of designated funds. Any reallocation should be assessed as necessary and should not leave the charity vulnerable to identified risk.

When developing a reserves policy, charity trustees should take account of the impact of designated funds on the charity's free reserves. They should also consider current and future **running costs** required to maintain its operations. These may be met using a combination of the charity's **general funds** and its restricted funds, where a percentage of the charity's running costs, associated with a particular project, have been agreed with a funder or grant maker.

Reserves should not be relied upon for the long term sustainability of a charity. However, they can play an important part in building resilience to cope with unexpected events in a charity's life, including a sudden loss of funding or the unforeseen closure of the charity.

2.1 Why does a charity need reserves?

In its lifetime, a charity will experience a variety of risks. It is the responsibility of charity trustees to manage actual and potential risks to ensure the charity can continue to meet the needs of beneficiaries, at

present and in the future. They should always put appropriate safeguards in place and take reasonable steps to ensure their charity is not exposed to undue risk, financial or reputational.

Each charity will have its own reasons for holding reserves. These reasons will depend on their purposes, activities and plans for the future. The main reason a charity holds reserves is to help it manage any short-term drop in income.

Example 3: Reserves

A charity normally receives most of its funding from the local council. At the end of the financial year the charity trustees are informed that, due to public sector cut-backs, it will only be able to apply to the council for a quarter of this amount in the next funding cycle. A charity that operates a reserves policy is more likely to have contingencies in place should this happen, which provides them with a cushion of time to consider other potential funding sources.

Reserves planning should be part of the overall strategic planning that is carried out by the charity trustees. This means having a clear understanding of how the charity is currently funded, where you want the charity to be in the future and how reserves will be used to help you get there.

The benefits of holding reserves include being able to:

- meet your charity's commitments when expenditure overruns or income is delayed
- cover salaries in the event of staff sickness and maternity/paternity pay over the statutory obligations
- begin new projects or activities
- replace or repair charity assets if necessary
- respond to an unexpected opportunity that will allow your charity to deliver its purposes in a more effective or comprehensive way
- demonstrate that your charity's funds are being used to good effect
- respond to unexpected difficulties or crisis.

By holding appropriate reserves charity trustees can show prospective trustees, beneficiaries, donors, funders and the wider public that they are acting to protect the charity from future challenges and changes in economic circumstances.

Section 3: Why have a reserves policy?

The Charities (Accounts and Reports) Regulations (Northern Ireland) 2015, requires registered charities to report on their financial position as part of their trustees' annual report. This requirement applies to even the smallest registered charities. To meet this requirement all registered charities must:

- carry out a review at the end of their financial year
- include a report on their financial position as part of their trustees' annual report.

This report should include the charity trustees' position in relation to holding, or not holding reserves. More information is available in the suite of [accounting and reporting guidance](#) which the Commission has produced.

Some charities have a clause in their governing document permitting them to hold reserves. Where the governing document does not have this explicit power, the charity trustees can rely on powers implicit in trustees' duties. Charity trustees can only rely on these implied powers, when they are satisfied that this is in the best interests of the charity. Charity trustees of unincorporated charities should weigh the need for a reserves fund against the general trust law principle that charity funds, received as income, should be spent within a reasonable period of time.

By developing a written reserves policy charity trustees can explain to their stakeholders why they are holding reserves and how they plan to use them. Where appropriate, the policy will also outline how the reserves will be built up to the level agreed by the charity trustees. Equally, a charity may use its reserves policy to explain why, because of its size, aims and activities, it is in the best interests of the charity not to hold any reserves.

A comprehensive reserves policy will reassure stakeholders that the charity is well managed. Without a documented reserves policy that is reviewed annually a charity could be holding reserves that are too high or too low for its needs.

3.1 What level of reserves is appropriate for my charity?

There is no consensus on what level of reserves is appropriate for charities to hold. Charities of a similar size and carrying out similar purposes may hold different levels of reserves. Determining an appropriate level of reserves for your charity will depend not just on the size of your charity or its purposes, but how it goes about carrying out its purposes. Consider the charity's legal structure, contractual obligations to suppliers, whether it has obligations as an employer and how its income is generated.

If a charity's reserves are too high, funders and the public may decide that it does not need donations. In this case, depending on the circumstances, the Commission could consider that the charity's assets are not being properly managed by charity trustees. If its reserves are too low some funders, potential new trustees and members of the public may think the charity is at risk of not meeting its liabilities as they fall due.

Good financial planning is critical to the long-term success of all charities. The approach that individual charities take to this will vary depending on a number of factors. These include the size and nature of the charity, how it is funded and the type of costs associated with running the charity.

To assess what level of reserves is appropriate for your charity, charity trustees should undertake a basic financial review. To help charity trustees to decide whether they should hold reserves and at what level, they should also take account of identified risks, future plans and any legal or contractual obligations the charity would be required to meet should it have to close. Charity trustees should consider:

- what income the charity can reasonably expect to generate both in the current year and in the future.
- what expenditure is planned for this year and future years.
- the charity's future needs, commitments, opportunities and costs
- whether there is likely to be a short fall in funding and how the charity will meet:
 - its contractual obligations in relation to employees, such as salaries, pension obligations or redundancy payments
 - committed rental or lease agreements, in relation to property or equipment.
 - outstanding payments to suppliers

Charity trustees should identify the level of **unrestricted funds** currently available to the charity and assess whether or not these are sufficient to address the consequences of any shortfall in income during the year.

This information will assist charity trustees to decide on an appropriate target level of reserves. Charity trustees should set out the reasons for their decision as part of their reserves policy. This policy should be accessible to the charity's funders, regulators and other stakeholders.

3.2 How will we build up these reserves?

When planning how to build up reserves charity trustees should review the charity's sources of income. Which of these are unrestricted and can be used for reserves? Are there any of these sources which can be improved or expanded?

Many charities receive most of their income from funding bodies who require their grants to be used for a specific purpose. These are restricted funds and cannot be used for reserves. Most funders are unlikely to provide monies to boost reserves. However, the conditions of any grant should be carefully checked, in case there is any provision which would allow some money to be added to the reserves fund.

When applying for project funding it is important that your charity accurately assesses project costs, including associated running costs for the project, so it does not have to be subsidised by the charity's unrestricted funds.

Example 4: Full cost recovery

A charity is applying for funds to run a small, time bounded project. When preparing its budget it includes a contribution for indirect costs, such as office overheads.

The inclusion of indirect costs will ensure that the charity is counting all relevant project costs and not subsidising the project from reserves.

Income generated by public donations or regular giving by the supporters of a charity can also be used to build up reserves. This applies where fundraising activities or promotional materials are not targeted at a specific charitable cause or project.

Example 5: Restricted funds - cannot be used to build up reserves.

A charity launches an appeal to raise funds to enable it to buy a new minibus. All monies raised from this appeal are restricted to buying the new minibus and cannot be used to build up the charity's reserves or for any other purpose.

Example 6: Unrestricted Funds – may be used to build up reserves.

After the new minibus has been bought the charity launches a series of events to raise funds. These funds are being raised for the charity and not for a specific purpose. These funds can be used to build up the charity reserves.

If your charity has specific skills or knowledge it may be possible to raise income, and therefore build up your reserves, from selling your services to other organisations.

Charity trustees should also try to manage the running costs of the charity by minimising waste, negotiating discounts from suppliers for bulk purchases and prompt payments and seeking out donations in kind from their supporters. Funds raised in this way could contribute to building up reserves.

By actively managing any debt which the charity has, the charity trustees may also be able to achieve better terms and use any savings to build up their reserves. Likewise, if the charity is owed any money by clients or customers, the charity trustees should ensure that there are robust systems in place to ensure the charity recoups any money which it is owed in a timely manner. Reducing the amount of outstanding income owed to the charity should improve its cash flow and free up its reserves where these are being used to meet day-to-day running costs. Separating your unrestricted funds into general funds and reserves can reduce the temptation to dip into your reserves rather than addressing bad debts.

The generosity of the public reflects its trust and confidence in charities. It is important that charity trustees are open and transparent about their charity's need for general funds and reserves. Further guidance on fundraising is available in the Commission's [Fundraising for charities: A guide for charity trustees and the public](#), which is available on the Commission's website.

3.3 Can we invest our reserves?

If a charity has reserves, the charity trustees may decide to invest some of them to increase the income which they bring to the charity.

Example 7: Investing charity reserves

A charity's reserves have exceeded the level set by the charity trustees by a small amount. The charity's reserves policy allows for this surplus to be invested with its local building society or bank. The charity trustees decide to place the surplus in an interest bearing account linked to the charity's current account. The terms of the account allows for a same-day transfer of funds, if the need arises.

Where a charity has a significant amount of reserves and is considering investing these across a wider range of investments, the charity trustees should bear in mind:

- reserves are resources that are intended to be used in the short to medium term. Therefore the charity trustees should revisit why the reserves are held and how quickly they can be accessed if required.
- what is the level of risk involved in the investment that is being considered? For example, investing in shares and corporate bonds has the potential to achieve a higher return but also carries a greater risk of a loss of monies.

Charity trustees should be clear about exactly what the charity is trying to achieve by investing its funds. This will be different for each charity and will depend on its aims, operating model, timescales and resources. For example, the investment objective may be to maximise income, preserve capital or ensure stability of income.

Risk is part of the investment process and there are a number of risks that charity trustees should take into account. Before making any investment decisions, trustees should consider the appropriate level of risk that they want to, or are able to, accept. As part of their duty of care, the trustees must be satisfied that the overall level of risk they are taking is appropriate to their charity.

If a risk materialises and results in a loss to the charity, the charity trustees will be better protected if they have properly discharged their duties and identified and considered the management of the risk. A loss might mean a low return on an investment or the loss of some, or all, of

the amount invested, but it can also be about loss of reputation, perhaps through investing in an unpopular or discredited company. As with any loss or setback, the charity trustees should review the circumstances of the loss, their risk appetite and how they identify and manage risk generally. They should also take the opportunity to learn from their experiences in order to benefit the charity in the future.

In all cases charity trustees should consider:

- how suitable any investment is for their charity - this will be influenced by the charity's attitude to risk across its investment portfolio
- the need to have a mix of assets in their portfolios - this can protect the charity's investments from sudden variations in the market and reduce the risk of the loss.

Some types of asset, for example, derivatives and commodities, are likely to be suitable only as part of a well-diversified investment portfolio because of the higher risk they can represent. Charity trustees should take professional advice where appropriate in selecting and reviewing these types of investment.

Charity trustees must take and consider advice from someone experienced in investment matters before making investments and when reviewing them, unless they have good reasons for not doing so. They may decide not to take advice if they conclude that it is unnecessary, or inappropriate, in the circumstances. They may decide not to take external advice if they have sufficient experience within the charity.

Charities can benefit from tax exemptions on their investment income/gains when these are used to further their purposes.

However, if certain investments are not deemed by Her Majesty's Revenue and Customs (HMRC) to be approved charitable investments, it may lead to a restriction on the charity's tax reliefs.

Charities subject to statutory audit are required by the [Charities SORP](#) and the [Regulations](#) to set out their investment policy, including their investment objectives and the performance of the investments against those objectives in the trustees' annual report. This requirement also applies to invested reserves.

3.4 How will the reserves be monitored and reviewed?

Reserves should be monitored throughout the year as part of the regular financial reporting process. This will help the charity trustees to monitor whether the reserves have reached, fallen short or exceeded the target level which they have set.

When monitoring reserves charity trustees should:

- identify when monies from the reserves are used, so that they understand why they were needed
- identify when reserves rise above the level they had set, so that they can understand why this has happened
- consider whether a fall in reserves, to below the target level, has been caused by a short term issue or whether a full review of the reserves should be carried out
- ensure that any major changes in the charity's strategy or activities are reflected in the reserves policy
- ensure that any significant change in the reserves policy or levels of reserves held are reported in the trustees' annual report.

Changes in the level of reserves during the year can indicate that the charity is facing potential problems or is doing better than expected. By monitoring the level of reserves throughout the year the charity trustees can respond to any significant changes and take any remedial action that might be necessary.

Section 4: Reporting reserves in the trustees' annual report

The trustees' annual report (TAR), is an important milestone in a charity's life, a chance to take stock, to celebrate successes and achievements, and to reflect on difficulties and challenges. It is also an opportunity to highlight the main activities undertaken by the charity to carry out its purposes for the public benefit. The report's primary purpose is to ensure the charity is publicly accountable to its stakeholders. Along with the accounts, your TAR is an opportunity for the charity trustees to tell people about the charity's work, where its money has come from and how it has been spent.

The level of detail required in the trustees' annual report depends on the size and nature of your charity. There is, however, certain key information that must be included in the trustees' annual reports prepared by all charities, irrespective of their size or the nature of the charity.

4.1 Explaining our reserves policy in the trustees' annual report

The table below sets out the legal basis for requiring charities to prepare a reserves policy.

Legal authority	Requirements
<p><i>The Charities (Accounts and Reports) Regulations (Northern Ireland) 2015</i> require even the smallest registered charities to:</p>	<ul style="list-style-type: none"> - carry out a review at the end of their financial year and report on their financial position as part of their trustees' annual report. To fulfil this requirement a charity should include the charity trustees' position in relation to holding or not holding reserves.
<p>The Charities Statement of Recommended Practice (SORP) requires all charities preparing accruals-based accounts, except those charities following a more specialist SORP, to include:</p>	<ul style="list-style-type: none"> - a statement of their policy on reserves - the level of reserves held and an explanation of why they are held - where material funds have been designated, the amount and the purpose of the designation should be explained - where designated funds are set aside for future expenditure, the likely timing of that expenditure.
<p>The requirements of the Charities SORP are given legal force by the Regulations.</p>	

Regardless of what policy the charity trustees adopt, the charity's beneficiaries, funders and the Commission should be able to see the reasons why they adopted that particular policy. Charity trustees should include a section in the trustees' annual report which provides information about its reserves policy and draws attention to key aspects of this policy.

4.2 Explaining why we have no reserves

In some cases the charity trustees may decide that it is appropriate to operate without holding any reserves. Charity trustees might reach this decision because the terms attached to funding which they receive do not allow any of these monies to be set aside for reserves. Given the size and activities of the charity, its trustees may decide that it is best to spend all of its budget each year on these activities.

Having no reserves can create a financial risk for the charity from any unforeseen expenditure or short fall in its projected income. Charity trustees should consider these risks when they are deciding not to keep any reserves. The rationale for this decision can be documented in charity trustees' meeting minutes or in the resolution passed by the charity trustees adopting the decision or in the reserves policy.

Some charities may have set a level of reserves but have been unable to reach their target level. Newly established charities are very likely to find themselves in this position.

The charity trustees should explain in their reserves policy why the level was set at that amount and how they are managing with insufficient reserves. As the charity is exposed to risk the Commission expects the charity trustees to actively address this situation by, for example, planning how to:

- implement their reserves policy
- explore new fundraising opportunities, for example, targeted events, grant application, contracts and self-generated income
- mitigate the risks that might arise if the charity has to close suddenly.

While the Commission accepts that some charities will not have had the resources to establish a reserve, the Commission still expects these charities to have a written reserves policy.

4.3 Explaining why we have excess reserves or unspent funds

Where reserves are high it is vital that charity trustees justify this in the reserves policy. Charities should avoid using standard wording in their reserves policy. They should use this opportunity to explain why the charity is holding a particular level of reserves. Without clear information grant makers, donors and beneficiaries may question why these funds are not being spent on the charity's purposes. Funders may decide that the charity does not need any funding or that it is not focussed on delivering to its beneficiaries. Charities with excess reserves should consider whether or not these funds could be more effectively used on delivering their charitable purposes.

The charity trustees' primary duty is to further the charity's purposes. It is not sufficient for Charity trustees to review reserves and accept the increasing amount of unused monies. Any build-up of reserves must be fully documented by the charity trustees and an explanation provided which demonstrates why the reserves are not needed to further the charity's purposes at this time.

Charities with excess reserves must not spend this money on projects which fall outside the charity's purposes. Expenditure on new projects or services should be carefully considered by the charity trustees and their decisions recorded in the minutes of meetings.

Appendix 1: Charity reserves policy – key headings

Our beneficiaries

Under this heading introduce your charity, including its name and Charity Commission for Northern Ireland registration number. What are the charitable purposes of your charity? Who are your beneficiaries, what are their needs, what activities do you carry out to meet your purposes? You may want to add a case study here and some quotes from your beneficiaries to tell the story of your charity.

Rationale for holding these reserves

In this section set out clearly why you need reserves or why you have decided that you do not need them. A charity may hold up to three different types of unrestricted funds: general funds, reserve funds and designated funds. These unrestricted funds should be managed according to their type. For example:

- General funds: Do you currently deliver additional services that are not funded through a service level agreement or other contract or do you have general running costs that are not met by restricted income?
- Reserve funds: Have you decided to set aside a portion of your unrestricted funds to meet possible future liabilities, such as the cost of legal and contractual obligations in the event that the charity is forced to close or an anticipated shortfall in your restricted income?
- Designated funds: While your reserves fund can also be used to accumulate income towards the cost of a special project that the charity trustees have identified, such funds may also be designated by the charity trustees for this purpose. Unrestricted income which is to be used for essential repairs or planned redundancies may also be held as designated funds.

Explain as clearly as possible what the reserves will be used for and how the use of the reserves will be approved.

Steps taken to establish the level of reserve

In this section set out how the charity trustees came to set this level of reserves for the charity. The process used to set and approve the level of reserves will indicate to stakeholders the charity's approach to financial management. In order to do this you should use your knowledge of the charity's context and carry out a risk assessment on its income and expenditure. For example:

- **Understanding income:** What are your sources of income? How much of this income is general funds which have no strings attached and can be used for any of the charity's purposes, including the costs of running the charity? How much is already set aside or restricted?
- **Understanding expenditure:** How much of the charity's expenditure arises from direct operating costs? How much arises from spending on specific programmes or activities to meet the charity's purposes?

To understand the risks associated with expenditure the charity trustees should make a judgement around:

- running costs, for example, rent, heat, lighting, insurance, governance costs, volunteer expenses and salaries
- core purpose spending on projects, for example, programmes and activities
- discretionary spending which the charity could cut back if it needed
- any unnecessary spending, where the charity could make savings.

Review of current and previous years funds

Consider using a table like the one below to set out your review of previous and current years' funds.

	Previous year	Current year	Actual increase	% increase
Unrestricted funds reserves	10,000	15,000	5,000	33%
Unrestricted funds general	0	0	0	
Designated funds	0	0	0	
Restricted funds	0	0	0	
Total funds	10,000	15,000	5,000	33%

Monitoring and reviewing the reserves policy

In this section set out how you will monitor and review the reserves policy. For example, the Treasurer will:

- provide a financial report to the charity trustees at each trustee meeting.
- provide an update on the level of reserves to the charity trustees on a quarterly basis.
- set out what reserves are in the current year and previous year and, if appropriate, what the trustees aim to add to reserves for the current year.

If there is a shortfall or a significant increase in the reserves, the reasons for this change will be recorded in the minutes of the meeting. The charity trustees will also record any steps they intend to take to address the issues that have led to this change.

Sign off your policy

The reserves policy should be signed off using a format like that set out below:

This Reserves Policy will be reviewed quarterly/annually and signed and dated by the charity trustees.

Policy adopted on:

Signed (on behalf of the committee):

Last reviewed on:

Signed (on behalf of the committee):

Useful links

[Suite of accounting and reporting guidance](#)

[Fundraising for charities: A guide for charity trustees and the public](#)

[Running your charity guidance](#)

[Charities SORP](#)

[The Charities \(Accounts and Reports\) Regulations \(Northern Ireland\) 2015](#)

[Charities and the Use of the Regulated Financial Sector Alert](#)

Useful contacts

Charity Commission for
England and Wales (CCEW)

PO BOX 1227
Liverpool
L69 3UG

Telephone: 0845 300 0218

Website: www.charitycommission.gov.uk

Charity Tribunal

Charity Tribunal
Tribunals Hearing Centre
2nd Floor, Royal Courts of Justice
Chichester Street, Belfast
BT1 3JF

Telephone: 0300 200 7812

Email: tribunalsunit@courtsni.gov.uk

Companies House

Companies House
2nd Floor
The Linenhall
32-28 Linenhall Street
Belfast
BT2 8BG

Telephone: 0303 1234 500

Website:

www.gov.uk/government/organisations/companies-house

Department for
Communities

Lighthouse Building
1 Cromac Place
Gasworks Business Park
Ormeau Road
Belfast
BT7 2JB

Fundraising Regulator

2nd Floor
CAN Mezzanine Building
49-51 East Road
London
N1 6AH

Telephone: 0300 999 3407

Website: www.fundraisingregulator.org.uk

HM Revenue and Customs
(HMRC)

HM Revenue & Customs
Charities Correspondence S0708
PO Box 205
Bootle
L69 9AZ

Telephone: 0845 302 0203

Website: www.hmrc.gov.uk/charities

Office of the Scottish
Charity Regulator (OSCR)

OSCR
2nd Floor
Quadrant House
Dundee

Telephone: 01382 220446

Website: www.oscr.org.uk

If you disagree with our decision

If you disagree with one of our decisions, we would like to reconsider it ourselves in the first instance. Our decision review procedure offers a genuine opportunity for our decisions to be looked at afresh. If you ask us to review a decision, where possible we will refer the matter to someone who did not make the original decision. You can also seek a review from the Charity Tribunal.

If you are dissatisfied with our service

The Commission is committed to delivering a quality service at all times. However, we know that sometimes things can go wrong. If you are dissatisfied with the service you have received, we would like to hear from you, and have a procedure that you can use. You will find further information on these processes in our guidance, *Making a complaint about our services*, which is on our website www.charitycommissionni.org.uk

Freedom of information and data protection

Data Protection

Any information you give us will be held securely and in accordance with the rules on data protection. Your personal details will be treated as private and confidential and safeguarded, and will not be disclosed to anyone not connected to the Charity Commission for Northern Ireland unless you have agreed to its release, or in certain circumstances where:

- we are legally obliged to do so
- it is necessary for the proper discharge of our statutory functions
- it is necessary to disclose this information in compliance with our function as regulator of charities where it is in the public interest to do so.

We will ensure that any disclosure made for this purpose is proportionate, considers your appropriate to privacy and is dealt with fairly and lawfully in accordance with the Data Protection Principles of the Data Protection Act.

The Data Protection Act 1998 regulates the use of “personal data”, which is essentially any information, whether kept in computer or paper files, about identifiable individuals. As a “data controller” under the Act, the Charity Commission for Northern Ireland must comply with its requirements.

Freedom of Information

The Freedom of Information Act 2000 gives members of the public the right to know about and request information that we hold. This includes information received from third parties.

If information is requested under the Freedom of Information Act we will release it, unless there are relevant exemptions. We may choose to consult with you first if this relates to your consultation or application. If you think that information you are providing may be exempt from release if requested, please let us know.

Further information on our activities is available from:

**Charity Commission for Northern Ireland
257 Lough Road
Lurgan
Craigavon
BT66 6NQ**

www.charitycommissionni.org.uk

Email: admin@charitycommissionni.org.uk

Tel: 028 3832 0220

Fax: 028 3832 5943

Textphone: 028 3834 7639

 Follow us on Twitter @CharityCommNI

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or other formats on request**

