

# Reserves Policy

## Purpose and scope

The Charity Commission makes it clear that, under Charity Law, income that a charity receives must be spent within a reasonable timeframe. Trustees should maintain some level of reserves to ensure long-term financial sustainability, but review the amount held in reserve annually and disclose its reserves policy in the annual report.

The term "Reserves" is used to describe that part of a charity's income funds that are freely available for its operating purposes, not subject to commitments, planned expenditure and spending limits. Reserves do not include restricted or designated funds.

The Commission recognises that charities should have a reserves policy; that any policy should take account of the charity's financial circumstances and other relevant factors; that such a policy is kept under review and that any policy is stated in the accounts.

The Commission gives no guidance on the level of reserves to be held or the types of funds a charity should hold, leaving that to the trustees' discretion. Nowhere does it suggest holding either three months or six months expenditure as reserves, recognising that circumstances and situations differ for each organisation and vary from time to time.

## Reserves at Spinnaker

The Trustees have agreed that the equivalent of three months expenditure should be held in unrestricted funds for reserves. If the unrestricted funds fall below this threshold, a review will be undertaken by the Trustees.

Guidance on setting the reserves policy: [Reserves policy | NCVO](#)

**All Spinnaker Trust policies and procedures can be found on the team page of our website: [www.spinnaker.org/team/policies](http://www.spinnaker.org/team/policies).**

## Date Last Updated:

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