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**Reserves Policy for (INSERT ORGANISATION)]**

The trustees regularly review reserves, using the Reserves Policy to support both the Financial Strategy and the Strategic Plan. A risk-based approach is used to calculate an optimal amount of reserves that looks at reliability of income, costs for re-organisation of activities, and specific liabilities. Amounts are included for risks we are aware of as well as contingencies to allow (INSERT ORGANISATION) to cope with unexpected costs and opportunities.

We principally hold reserves to:

* protect the continuity of (INSERT ORGANIATION)’s work against uncertain future income streams
* provide the capital needed to finance investment in operations
* provide funds to replace assets
* to cover for specific liabilities and identifiable risks
* to allow (INSERT ORGANIATION) to respond to unexpected opportunities that can further mission
* to allow (INSERT ORGANIATION) to meet contractual obligations.

The trustees have set optimal reserves at £xxxx (2021: £xxxx which equates to approximately xxx months unrestricted expenditure. As at 31 March 2021, the level of Free Reserves (enter you organisations definition of Free Reserves, ie defined as total general unrestricted funds, less tangible assets and excluding defined benefit pension obligations and long-term commitments) stands at £xxxx (2021: £xxxx), thereby exceeding/below (if below the optimal reservces figure, state how reserves will be built up) the optimal reserves figure.

(INSERT ORGANISATION) has designated reserves of £xxxx (2021: £xxxx) and restricted reserves of £xxxx (2021: £xxxx). The designated reserves are held to represent reserves that are not available for other activities since they have been used to (enter definition, eg to purchase fixed assets and are not available unless the assets are disposed). Restricted reserves relate to income to be used in accordance with specific restrictions imposed by funders and therefore do not form part of general reserves.

The Reserves Policy is reviewed quarterly as part of our internal financial control systems.

Document version control

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| **Version number** | **Change or update** | **Author or owner** | **Date** |
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