

Finance & Reserves Policy

Date Adopted: 20/May/2026 - **Review Date:** May 2029

1. Introduction

This policy sets out the financial framework for the Milborne Port Village Hall Trust (the "Trust"). It aims to ensure sound financial management, transparency, accountability, and the long-term sustainability of the village hall. This policy will be reviewed regularly to ensure it remains fit for purpose.

2. Purpose of the Policy

The purpose of this policy is to:

- Establish clear guidelines for managing the Trust's financial resources.
- Ensure that funds are used efficiently and effectively to achieve the Trust's charitable objectives.
- Maintain adequate financial reserves to safeguard against unforeseen circumstances and to support future development.
- Promote transparency and accountability in all financial dealings.
- Comply with all relevant legal and regulatory requirements (e.g., Charity Commission guidance).

3. Financial Objectives

The Trust's financial objectives are to:

- Ensure the financial viability and sustainability of the village hall.
- Manage funds prudently and responsibly.
- Generate sufficient income to cover operational costs and planned maintenance.
- Build and maintain appropriate reserves.

4. Financial Responsibilities

4.1. Trustees' Responsibilities: The Trustees have overall responsibility for the financial management of the Trust. This includes:

- Approving the annual budget.
- Monitoring financial performance against the budget.
- Ensuring compliance with this policy and all legal requirements.
- Reviewing and approving the annual financial statements.
- Establishing and reviewing the reserves policy.
- Appointing a Treasurer or Finance Lead.

4.2. Treasurer Responsibilities: The Treasurer is responsible for the day-to-day financial management, including:

- Maintaining accurate financial records.
- Preparing regular financial reports for the Trustees.
- Managing bank accounts and petty cash.
- Processing income and expenditure.
- Preparing the annual budget for Trustee approval.
- Liaising with auditors/independent examiners as required.
- Ensuring timely submission of financial reports to the Charity Commission.

5. Budgeting and Financial Planning

5.1. Annual Budget: An annual budget will be prepared by the Treasurer and approved by the Trustees before the start of each financial year. The budget will detail anticipated income and expenditure for the forthcoming year.

5.2. Monitoring and Reporting: Financial performance will be monitored regularly (e.g., quarterly) against the approved budget. Reports will be presented to the Trustees, highlighting any significant variances and proposing corrective actions where necessary.

6. Income and Expenditure

6.1. Income Generation: The Trust will seek to generate income from various sources, including:

- Hall hire fees, bar sales, events etc.
- Fundraising activities.
- Grants and donations.

6.2. Expenditure Control: All expenditure must be properly authorised and aligned with the Trust's charitable objectives.

- **Authorisation Limits:** Expenditure limits are established, requiring specific approval levels. Hall Manager up to £200, thereafter agreement with the Treasurer is required. Treasurer for amounts up to £400, thereafter approval by the Management Committee is required. Individual committee members require prior authorisation for any expenditure.
- **Procurement:** Value for money will be sought in all purchases. For significant expenditure, competitive quotes will be obtained.
- **Payments:** Payments will be made in a timely manner, generally by bank transfer, and supported by appropriate documentation (invoices, receipts).

7. Bank Accounts and Cash Management

All funds belonging to the Trust will be held in bank accounts opened in the name of the Milborne Port Village Hall Trust.

8. Reserves Policy

8.1. Purpose of Reserves: The Trust will maintain a level of unrestricted reserves to:

- Cover unforeseen operating deficits.
- Provide a buffer against unexpected major repairs or maintenance.
- Allow for planned future developments or projects (e.g., building improvements) that may not be fully funded by current income.
- Ensure the smooth operation of the hall in the event of temporary loss of income.

8.2. Target Reserve Level: The target level for unrestricted reserves is set at £30,000 (current & savings accounts together). The Treasurer is to report as soon as possible if the level falls significantly below this target.

8.3. Management of Reserves:

- Reserves will be held in easily accessible bank accounts that offer a reasonable return without undue risk.
- The Trustees will regularly monitor the level of reserves and take appropriate action if they fall below or significantly exceed the target level.
- A plan for the use of any excess reserves (e.g., for specific capital projects or increased charitable activities) will be developed and agreed upon by the Trustees.
- Restricted funds (funds given for a specific purpose) will be held separately and used only for their designated purpose.

9. Financial Records and Reporting

9.1. Record Keeping: Accurate and up-to-date financial records will be maintained, including:

- Bank statements.
- Invoices and receipts for all income and expenditure.
- Ledgers and cashbooks.
- Details of assets and liabilities.

9.2. Annual Financial Statements: Annual financial statements will be prepared in accordance with the Charity Commission's Statement of Recommended Practice (SORP) and submitted for independent examination or audit as required by law.

10. Risk Management

The Trustees will identify and assess financial risks to the Trust and implement strategies to mitigate them. This includes:

- Regularly reviewing the financial health of the Trust.
- Ensuring adequate insurance cover.
- Implementing internal controls to prevent fraud and error.
- Maintaining a risk register (if applicable).

11. Review of the Policy

This policy will be reviewed at least every 3 years by the Trustees to ensure its continued relevance and effectiveness. Any amendments will be formally approved by the Trustees.
