



Rickmansworth Waterways Trust

Reserves Policy

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Reserves Policy

The Trusts financial policy is to ensure appropriate reserves are available to meet both its day to day running costs and also to provide for the accumulation of funds to support longer term capital projects or ongoing conservation projects. This is a key responsibility of the Trustees and is fundamental to the secure financial position of the charity.

The reserves policy is also complemented by a Trust banking policy of keeping no more than the current Financial Services Compensation Scheme (FSCS) limit in any single bank or building society account. This limit is currently £85,000 per account and the Trust currently holds 4 accounts in three different financial institutions.

Types of Reserves

Two types of reserves are maintained: -

Working Cash Reserve (Unrestricted Reserve): - This is a sum of money agreed by the Trustees that is kept as a buffer in our accounts to protect the Trust's day to day operations from an unexpected drop in income due to external circumstances. The currently agreed Working Cash Reserve is £15,000.

Restricted Reserves: - These reserves are used when raising funds for a particular project and although not necessarily kept in separate bank accounts are managed and listed separately in our accounts under the control of the Finance Director and Treasurer. Examples of previous and current Restricted Reserves include the fund for the Batchworth Lock Education Centre building project, the Trip Boat replacement reserve and also the Roger Conservation project. Once a project is completed a specific reserve fund is considered closed and any surplus could be transferred to general funds or to another Restricted Reserve with the agreement of the Trustees.

Allocation of funds to reserves

When reviewing the annual budget a plan is agreed on what allocation would be made to the Working Cash Reserve and to specific Restricted Reserves. This is then reviewed and agreed by the Trustees based on any surplus to the annual budget at the end of the financial year.

The Trust priority for any surplus would always be to maintain the Working Cash Reserve prior to allocating funds to a specific Restricted Reserve.

Some projects may be the subject of specific fundraising activities including applying for dedicated grants. These funds would be allocated directly to the Restricted Reserve for the specific project and could not be used for other purposes. If for any reason a specific project was unable to be completed any funds in Restricted Reserves that had been provided expressly for that project would be returned to the donor or grant awarding body unless it was agreed with the provider that the funds could be used for another purpose or project.