

Reserves Policy for VOCAWAVES

VOCAWAVES as an organisation aims to maintain a general reserve of unrestricted funds sufficient to meet its financial, legal, and moral obligations to the public, contractors, volunteers, and all relevant authorities. In this document, a reserve refers to a parcel of unencumbered assets that we maintain over and above what is required for day-to-day operations.

This policy is required to keep with our commitments of openness, and are based on the following principles:

- To assist ourselves when managing finances
- To make public our internal decision methods
- For compliance purposes aligning with standard accounting practice
- To help with raising money for the organisation, as many like the organisation require details or even the policy text in its entirety

General Reserve

The general reserve is typical in a trading organisation, charity or group and consists of an amount of maintained monetary assets that are either cash or can be converted to when required. VOCAWAVES is no different to many other organisations; it needs a general reserve:

- To cover a shortfall in income, for example, if one of our sponsors withdrew funding, the reserve could be called upon to provide the necessary cash flow until a replacement funder is found
- To meet an unexpected expenditure, for example, if a major uninsured fee was required, we could pay it with the reserve

As well as this, we need adequate reserves to perform closure if the organisation were to close. Like many other organisations, we cannot just 'close our doors', because we need to meet moral obligations to the public we work with. We would need to continue operating to complete the services or to arrange a suitable alternative. In the event of closure, the general reserve would be needed to fund all these costs.

Funds

From this general reserve, we can allocate this money to various funds, such as a “Restructuring Fund” or a “Closure Fund”. These will be made only when necessary. None of these funds are used for activities that go against the governing document or any other policy for the organisation. When a fund is created, it will be listed in the financial accounts for that year, in the format shown below:

Fund	Current Year	Previous Year	% Increase/Decrease
General Reserve			
Closure Fund	£0		
Total			
Ratio of Reserves to Annual Operating Expenditure			

Assessments

The target levels of the reserve and any funds will be reviewed and reassessed regularly in meetings. The actual level of reserves at any time will be measured against this target, and appropriate action will be taken to make up any shortfall or to utilise any surplus cash available.

In assessing the appropriate level for the reserve and any funds, the committee will consider each of the following:

- Income risk
- Expenditure risk
- Operating Environment
- Closure Costs

Review

This Policy and these Procedures will be regularly reviewed:

- Following any changes within VOCAWAVES.
- Following any issues or concerns raised about the finances within VOCAWAVES
- In all other circumstances, at least every Annual General Meeting (AGM).

Document updated and effective as of 17/09/2023

