



Western Chan Fellowship CIO (“the Charity”)

Reserves Policy – 2023

1. Background – Definition of Reserves and the Charity’s Finances

- 1.1. Reserves are that part of a charity’s unrestricted funds that are freely available to spend on any of the charity’s purposes. The starting point for calculating the amount of reserves held is therefore the amount of unrestricted funds held by a charity
- 1.2. Restricted funds are donations received for purposes specified by the donor and fall outside the definition of reserves. The Charity has a restricted fund for the purpose of eventually buying and equipping a suitable retreat centre (the Restricted Property and Equipment Fund) and the balance on that fund as at 31st December 2022 was £21,412
- 1.3. As at 31st December 2022 the Total reserves of the Charity (to nearest £100) are £225,300 made up of:

Fund	Amount £
Designated Publications Fund	11,000
Designated Support Fund	10,600
Designated Training Fund	1,900
Designated Equipment and Property Assets	116,800
General Reserves	85,000

- 1.4. There is an informal Projects Fund of £20,000 which could be used to cover unexpected costs/losses incurred as result of the recent pandemic
- 1.5. Without making provision for the informal Projects Fund, the Charity has £85,000 of General Reserves shown in its 2022 accounts
 - 1.5.1. The Charity’s unallocated General Reserves are therefore £65,000
- 1.6. The Charity has no endowment of any kind
- 1.7. 2023 is expected to show a small surplus, but net income in 2024 is more difficult to forecast. In order to encourage participation, and also to help those suffering financial hardship, two financial concessions for 2024 have been decided upon by the Trustees. The first is to keep retreat fees at 2023 prices, to encourage bookings; the second is to increase the number of supported places by two to five places, to support those people feeling financial pressure.

It is expected that freezing fees will result in more bookings in 2024; and the supported places will be paid for by the designated Support Fund.

The main source of income of the Charity is retreat bookings. Bookings before the pandemic had reached a sustained level of full usage. It is hoped bookings will return to full usage within the next two years. If there is a shortfall in income for 2024, the current General Reserves could stand it

2. Background – Reserves required to close down the Charity

Assumptions in such a calculation include:

2.1. Returning retreat fees

2.1.1. For 2023, as at 01/01/23 the total retreat fee receipts for 2023 retreats were £14,800. This was lower than usual, as the programme for February to June 2023 wasn't published until December 2022. It is expected that fee receipts for 2024 at 01/01/24 will be around £30,000, due to the programme being published a few months earlier

2.1.2. Balancing the rate of receipts through WorldPay against the actual happening of retreats as the year passes, then it is very unlikely that, at any one time, on sudden unforeseen closing down of the Charity more than £45,000 in received retreat fees will need to be refunded

2.2. Main Retreat venue rent deposits forfeit in the event of closing down

2.2.1. The Terms and Conditions for the Charity's hire of Shawbottom Farm allow for late (less than eight weeks' notice) cancellations of 15 booked nights without penalty.

2.2.2. To cover a scenario where the allowance of 15 booked nights has been used earlier in the year, provision should be made for 2 months' hire fee (at one retreat per month) of £6,500

2.3. Other incidental expenses of closing down would include:-

2.3.1. Run off insurance, est. £6,500.00

2.3.2. Accountancy fees for final accounts, est. £3,500.00

2.3.3. Other incidental matters, est. £3,500.00

2.4. Totalling the figures above, brings a Closing Down provision for the Charity at this time of £65,000

3. Background – Other Factors in the Charity's Reserves Policy

3.1. Bearing in mind the considerable cost of buying a suitable retreat centre or, even, renting one, the Charity is nevertheless looking to eventually achieve this objective and would seek to have as much reserves as possible available to facilitate such plans

3.2. While the renting of a retreat centre might well be mostly met out of income, nevertheless the fitting out of such a centre could well use all of the Restricted Property and Equipment Fund and also use some of the General Reserves

3.3. The General Reserves need to be able at any time to cover the costs of a closing down of the Charity at short notice

3.4. There are no employees of the Charity at present, so there is no need to make provision for redundancy or absence of such employees through sickness

3.5. However, there is need to keep some reserves to cover hiring temporary staff in the event of unavailability of key volunteers, e.g. the Treasurer. An amount of £5,000 is suggested

- 3.6. As retreat bookings are received steadily over time, it is relatively easy to track any potential shortfall in income sometime before it materialises
- 3.7. The Charity has comprehensive Public Liability and Trustee insurance so the risk of a claim against the Charity's funds themselves is very small
- 3.8. Save for the property aspirations mentioned above, there are no major projects requiring investment of funds in view at present for the Charity

4. The Charity's Reserves Policy

- 4.1. General Reserves of £65,000 should be kept to cover a sudden closing down of the Charity plus £5,000 to cover the unavailability of key volunteers and £20,000 for unallocated projects
- 4.2. The Charity will increase the current level of unallocated General Reserves to £90,000 and make further provision for the occupation of a property by transferring excesses in the General Reserve over £90,000 to the Designated Equipment and property Assets Reserve to facilitate its long-term plan of buying and equipping a retreat centre
- 4.3. This calculation to be reviewed annually, the Policy triennially
- 4.4. The Trustees consider that this is achievable and realistic

Catherine Burns -Treasurer 30/09/2023