

Nympsfield Community Pub Limited

Reserves and Distribution Policy

Approved by the Management Committee (24/09/24)

Version	Date	Details
1	24/09/24	First version

1. Introduction and Purpose

To enable Nympsfield Community Pub Limited (NCPL) to meet its existing financial obligations as they arise and to have sufficient resources to achieve its broader mission and community objectives, formalising this policy regarding the reserves maintained by the Society is necessary. This policy aims to ensure the long-term financial sustainability of the Society.

2. Reserves Policy

2.1. All reserves are fully financed from trading surpluses or new share capital raised and are assessed according to importance, distributed in the following order:

1. Continuity/Dissolution Fund

This fund provides protection and flexibility against cash flow shortfalls, such as delayed grant funding or late payments, and in situations where NCPL is unable to continue operations, leading to a decision by the Management Committee members to dissolve the Society. The fund is defined as a minimum equivalent to six months of budgeted activity, reviewed monthly as part of the Management Committee's ongoing financial controls. Up to the stated minimum, the fund will receive £500 per year.

2. Maintenance Fund

This fund is used to maintain the fabric of the building and for the maintenance or replacement of furnishings not covered under tenant's obligations. A maximum of £10,000 will be allocated annually from the first year on.

3. Share Withdrawal Fund

Subject to the discretion of the Management Committee and the Society's financial health, share withdrawals are permitted after a

minimum of three years. To accommodate withdrawal requests as much as possible, up to £4,000 will be allocated to the fund annually from the fourth financial year onward.

4. Community Fund

If excess funds are available, NCPL intends to allocate a portion of its profits into social and charitable projects in the community. An annual grant of up to £500 is sought for this purpose, with the Management Committee retaining the option to increase this amount if funds allow.

- 2.2. If reserves fall below the minimum threshold level, NCPL will aim to restore them to the required level within the next four years. This may involve increased fundraising, accessing additional grant funding, boosting earned income or reducing expenditure.
- 2.3. Annual allocations to the Society's financial reserves will be determined and approved by the Management Committee during the year-end accounting procedures and when setting the budget for the next financial year.
- 2.4. If, at the end of a financial year, all reserves have been allocated according to this policy, any remaining trading profit may be paid out to members in the form of interest. According to the Society Rules, the interest rate shall not exceed 5% or 2% above the Bank of England's base rate, whichever is higher.

3. Review

This policy will be reviewed on an annual basis by the Management Committee.