

Reserves Policy

POLICY STATEMENT

Given our mission is to help wounded, injured and sick service personnel and veterans, our reserves policy aims to ensure our work is protected from the risk of disruption at short notice due to a lack of funds, whilst at the same time ensuring we do not retain income for longer than required.

1. The Policy is formally endorsed by the Principle Director in accordance with the Charity Commission guidance on building resilience.
2. This policy sets out our need for the financial reserves, and the target range. Team Endeavour Racing UK CIC (TER) has a target minimum of £10000.00 with a maximum of £20000.00. The level of reserves reflects the particular circumstances of the TER. This policy sets out our free reserves, which are defined as unrestricted funds excluding fixed assets. These free reserves include the reserve savings.
3. As part of effective financial management, we hold reserves to ensure we can manage:
 - Financial impact of risk. There are a range of risks we face, including the risk of an unforeseen drop in income or unbudgeted increases in expenditure.
 - Working capital. A significant proportion of our reserves are represented by non-cash assets and liabilities, such as equipment. These reserves are not readily available.

Financial impact of risk

4. To ensure that there is no significant disruption to our charitable activities, holding appropriate reserves will enable TER to respond to any unforeseen reduction in income (for example when income does not reach expected levels); or additional expenditure (for example when projects overrun, or unplanned events occur).
5. We have based our projections for the appropriate amount of reserves we require on the basis that the reserves in our target range would provide short-term until long-term solutions can be established.
6. A detailed review of the financial risks we face is monitored on an ongoing basis, and our assessments on the possible financial impact of those risks have been incorporated into the reserves range we have calculated.
7. As part of our annual Directors Report and Accounts and as part of our commitment to transparency, we publish the principal risks and uncertainties facing our organisation; and the mitigations we have put in place to manage them as far as reasonably possible.

Commitments and long-term plans

8. Commitments and long-term plans not already reflected in plans and budgets are also evaluated on an ongoing basis. We do not believe there is any need to make further provision for such items.
9. There is no current requirement to make allowance within the reserves range for future plans and commitments.

10. Future expenditure will be set in line with future income, and therefore specific long-term funds have not been set aside within reserves.

Target range for reserves

11. The target range is above the minimum level and equates to approximately 10% of general funds expenditure.

Responsibilities

12. The Directors are responsible for ensuring that we manage our resources responsibly, and that we act in the best interests of the TER and the people we serve. The Directors have responsibility for approving and monitoring the implementation of this policy.
13. The Directors are responsible for monitoring and supervision of the current and future financial situation and associated risks to TER.
14. The Executive Leadership Team is responsible for providing clear and focused leadership of the organisation, and to ensure our financial stability.

Laws and regulations

15. This policy sets out the framework we have in place to confirm the level of reserves we have determined is appropriate for our organisation and draws upon guidance such as the Charity Commission's .