

Financial Reserves Policy

1. The Finance Policy of the church states that the equivalent of 2-5 months expenditure should be maintained as a General Fund Reserve to ensure that the church is readily able to meet its day to day liabilities.
2. The draft budget for 2016–17 shows that the church expects to expend about £180,000 from the general fund during the year, the equivalent of £15,000 per month. In order to comply with the church Finance Policy this means that a minimum of £30,000 should be maintained as a General Fund Reserve.
3. The current practice is that the General Fund Reserve is maintained as part of the General Fund Bank account balance and, when income and expenditure accounts are presented at Church Members' Meetings and Leadership Team Meetings, this can give a misleading impression about the availability of funds.
4. It is proposed that an amount of £30,000, or 2 month's expenditure as a minimum, should be transferred to a new bank account, designated 'General Fund Reserve Account'. The effect of this would be to show a more realistic amount readily available to meet day to day expenditure.
5. The General Fund Reserve account would still form part of the overall funds of the church but, if needed to meet expenditure, would serve as a warning that the reserves had fallen below the level set by the Financial Policy.
6. It is further proposed that should it be necessary to utilise funds from the General Fund Reserve account that the matter should be reported at the next Leadership Team Meeting and Church Members' Meeting.