



Reserves Policy – Widmore Methodist Circuit

1. Purpose and Regulatory Framework

This policy is adopted by the Circuit Meeting of Widmore Methodist Circuit in accordance with the **Model Trusts of the Methodist Church, Standing Orders**, and guidance issued by the **Charity Commission for England and Wales (CC19: Charity Reserves)**.

The purpose of this policy is to:

- Explain why the Circuit holds reserves
- Set a target level of reserves
- Establish how reserves will be monitored and used

For the purposes of this policy, **reserves are defined as unrestricted funds that are freely available to spend on any of the Circuit's charitable purposes.**

2. Purpose of Holding Reserves

The Circuit holds reserves in order to:

- Ensure **financial stability and continuity** of ministry and mission
- Manage **unexpected events or emergencies**
- Address **fluctuations in income and expenditure**
- Meet **known or anticipated liabilities** where timing is uncertain
- Enable the Circuit to respond to **opportunities for mission and development**

In line with CC19 guidance, the Circuit seeks to hold reserves at a level that is **neither excessive nor insufficient**, but appropriate to its circumstances.

3. Target Level of Reserves

The Circuit aims to maintain reserves equivalent to: **6 months of normal operating expenditure**

Rationale:

This level reflects:

- The need to cover **short-term income shortfalls**
- The level of **financial risk** faced by the Circuit
- The scale of **ongoing commitments**, including ministry and property costs
- The absence of guaranteed income streams

The target level is reviewed annually by the Circuit Meeting as part of the budgeting and financial planning process.

4. Use of Reserves



Reserves may be applied for the following purposes:

- To meet **unexpected or emergency expenditure**
- To cover **temporary deficits in income**
- To fund **essential repairs or urgent property costs**
- To support **strategic mission initiatives**, as agreed by the Circuit Meeting

In accordance with CC19 guidance:

- Reserves will not be used to support **ongoing structural deficits** without a clear and agreed recovery plan
 - Any use of reserves must be **properly authorised, recorded, and monitored**
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5. Monitoring and Reporting

- The Circuit Treasurer will report regularly to the Circuit Meeting on the level of reserves
- The annual accounts will clearly state:
 - The level of reserves held
 - The target reserves level
 - The reasons for holding reserves

This ensures transparency in line with Charity Commission expectations.

6. Action if Reserves Fall Below Target

If reserves fall below the agreed level, the Circuit will:

- Review income and expenditure to identify **corrective actions**
- Consider measures to **increase income or reduce costs**
- Prioritise essential expenditure
- Develop a **time-limited plan** to rebuild reserves

Progress against this plan will be reported to the Circuit Meeting.

7. Action if Reserves Exceed Target

If reserves significantly exceed the target level, the Circuit will:

- Consider whether funds can be applied to **further the mission of the Church**
 - Review whether funds should be **designated for specific purposes**
 - Ensure that resources are not held unnecessarily without clear justification
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8. Review of Policy

This policy will be reviewed annually by the Circuit Meeting to ensure compliance with:

- Methodist Church requirements
- Charity law
- Guidance from the ****Charity Commission for England and Wales**