**Our reserves policy**

We hold reserves so that we can keep running our services even if our income from donations drops, or something unexpected happens. Trustees review our reserves policy at least annually and decide on the appropriate level of reserves to hold.

At the end of the last financial year (31 March 2024) our total funds were £266,138.

Some of these are funds are not accessible for us to spend. For example, our fixed assets of £20,667 cannot be easily turned into cash without selling the assets that we hold.

The funds that are available to us total £244,000. All these reserves are ‘unrestricted’ but our policy is to designate reserves for specific purposes.

The Trustees agreed to hold a ‘crisis fund’ of circa £1,000 per month which we could use to buy additional food if needed during the cost of living crisis. This accounts for £12,000 of our reserves. We aim to hold this reserve until demand for our services starts to fall.

We are also holding a reserve for maintaining or replacing property and other assets. This reserve is for costs over and above our operational expenditure. Our current reserve for property and assets is £10,000.

Our main reserve is for operational costs if our income drops. We aim to keep six to twelve months’ expenditure as a reserve for this purpose (between £125,000 and £250,000, based on our latest expenditure forecast). As at 31 March 2024, we have £222,000 available in reserves for this, equivalent to over ten months’ operational expenditure.

The Trustees consider that these reserves reflect the particular circumstances of Fair Frome as at 31 March 2024, but will review reserves annually or more frequently if circumstances change.