Saffron Kitchen Project Reserves Policy

Effective Date: 07.2024
Review Cycle: Annual or following any significant structural changes

This Reserves Policy outlines the guidelines and procedures for maintaining reserves for Saffron Kitchen Project. The purpose of this policy is to ensure the organisation maintains an adequate level of reserves to support its operations and fulfill its contractual obligations. This policy ensures the organisation's financial stability, mitigates risks, and safeguards the continuity of the services provided. By adhering to this policy, Saffron Kitchen Project demonstrates responsible financial management and accountability to its stakeholders.

1. Objective

The objective of maintaining reserves for Saffron Kitchen Project is twofold:

a) To maintain a minimum level of reserves equivalent to three months' worth of operating expenses to provide a buffer against unforeseen financial challenges or disruptions.

b) To hold reserves to meet all contractual obligations with funding bodies, partners, suppliers, and staff.

2. Reserves Targets

2.1 General Reserves:

Saffron Kitchen Project will maintain a minimum level of reserves equivalent to three months' worth of operating expenses. These operating expenses include but are not limited to staff salaries, premises rent, utilities, program costs, and administrative expenses.

2.2 Contractual Obligations:

In addition to the general reserves, Saffron Kitchen Project will maintain specific reserves to fulfill all contractual obligations with funding bodies, partners, suppliers, and staff. The amount of reserves required for contractual obligations will be determined on a case-by-case basis, taking into account the nature and duration of each contract.

3. Reserves Management

3.1 Monitoring and Reporting:

The fundraising team of Saffron Kitchen Project will regularly monitor and report on the status of reserves to ensure compliance with the reserves policy. This will include maintaining records of reserves, expenditures, and contractual obligations.

3.2 Allocation:

When allocating resources, the organisation will prioritise the fulfillment of contractual obligations. After meeting all contractual requirements, any surplus funds will be directed towards building and maintaining the general reserves.

3.3. Usage:

Reserves will only be utilised under specific circumstances, including:

a) Unforeseen financial challenges or disruptions, such as unexpected drops in funding or increased expenses.

b) Temporary shortfalls in revenue during transitional periods.

c) Emergency situations that threaten the continuity of essential services.

3.4 Any reserves in excess of 3-month's operating costs can be allocated to specific project costs at the discretion of the Trustees.

4. Review and Evaluation

This reserves policy will be reviewed annually to ensure its relevance and effectiveness. The review will consider any changes in the organisation's financial circumstances, operational requirements, or regulatory environment. Any necessary adjustments or amendments to the policy will be made based on the outcome of the review.

Date of next review: 07/2026

Approved by:

Trustees and Director in meeting held on

MH, FE, JW, KS, EE present

Signed by Chairperson:


Saffron
Kitchen
Project