

Reserves Policy

This policy should be considered alongside and in conjunction with Halcyon's Investment Policy and Charity Commission publications Charities and Investment Matters: A Guide for Trustees (CC14, August 2016 and Charity Reserves: Building Resilience" (CC19, June 2023)).

1. Introduction

This policy is written in light of the Charity Commissioners' guidance "Charity Reserves: Building Resilience" ([CC19, June 2023](#)) which states: "all charities need to develop a policy on reserves which establishes a level of reserves that is right for the charity and clearly explains to its stakeholders why holding these reserves is necessary." (CC19 para 3.2).

"Reserves are that part of the charity's unrestricted funds that are freely available to spend on any of the charity's purposes. This definition excludes restricted income funds and endowment funds, although holding such funds may influence a charity's reserve policy. Reserves will also normally exclude tangible fixed assets such as land, buildings and other assets held for the charity's use. It also excludes amounts designated for essential future spending." (CC19 Annexe 2, Step 1)

The Charities SORP requires trustees to include in their annual report:

- A. a statement of their policy on reserves; (CC19 para 3.2)
- B. the level of reserves held and an explanation of why they are held; (CC19 para 3.2)
- C. where material funds have been designated, the amount and purpose of the designation should be explained; (CC19 para 4.2) and
- D. where designated funds are set aside for future expenditure, the likely timing of that expenditure. (CC19 para 4.2)

2. Why and what level of reserves does Halcyon London international School need

A. Planning for contingencies

The Board of Trustees has determined the school should maintain a level of reserves equal to 3 months of unrestricted expenditure to maintain financial stability and to ensure flexibility to cover unforeseen events such as emergency repairs, unexpected staffing costs and potential variances in fee income.

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B. Planning for the Future

The Board of Trustees decides on an annual basis the level of reserves to be deployed. All reserves will be used to further the aims and objectives of the charity. Reserves may be built up to enable the school to carry out projects, building maintenance work and expanding the charitable provision, linked to the school's strategic objectives.

3. Maintaining reserves at agreed levels

The need to maintain reserves at the levels outlined in section 2 will be a factor in the budget setting process each year. The Board of Trustees sets a broad target of 10% of annual tuition income to be added to reserves annually.

4. Monitoring and reviewing the Reserves Policy

This policy will be monitored and reviewed annually by the Board of Trustees to ensure that the provisions outlined continue to meet the needs of the charity. Any changes to the conditions upon which the reserves levels decision was based will result in a review of the levels by the Board of Trustees.

*Approved by Board of Trustees, 17 September 2019
Reviewed and approved by the Board of Trustees, 26 September 2023*

This policy will be reviewed in accordance with the curriculum review cycle, or more regularly in light of any significant changes in statutory requirements and legislation.