

V-Aid (Virtual Aid) Reserves Policy



**Reserves Policy approved by Trustees on
18/12/25**

The policy will be subject to an annual review.

Signed: *Christin Lau* (Christin Lau on behalf of Trustees)

1. Purpose of the Reserves Policy

V-Aid is committed to maintaining financial stability to ensure the continuity of its charitable activities, particularly its ViCeR rehabilitation and training initiatives. This Reserves Policy outlines the approach to holding and managing reserves to safeguard the charity's operations and allow for sustainable growth.

2. Definition of Reserves

Reserves are funds that are freely available for use at the discretion of the Trustees in furtherance of V-Aid's objectives. These exclude restricted funds, designated funds, and any fixed assets held for charitable purposes.

3. Reasons for Holding Reserves

V-Aid holds reserves to:

- Ensure financial stability and cover unexpected costs or income shortfalls.
- Maintain operations during periods of funding uncertainty.
- Invest in future development and expansion of the charity's projects.
- Cover core operational costs, including staff salaries, essential program expenses, and administrative overheads.
- Ensure continuity in delivering the ViCeR rehabilitation, training, and humanitarian initiatives.
- Cover unforeseen emergency costs, such as urgent aid distribution or unexpected facility expenses.

4. Target Level of Reserves

V-Aid aims to hold reserves equivalent to three to six months of core operational costs, ensuring it can continue delivering its charitable objectives in the event of financial challenges.

5. Allocation of Reserves

Reserves will be divided into the following categories:

- General Reserves: For emergency situations, operational continuity, and income shortfalls.
- Designated Reserves: For planned strategic initiatives, such as expanding training programs, improving inmate rehabilitation efforts, or developing humanitarian response projects.

6. Management and Review of Reserves

The Trustees will regularly review the reserves level as part of the charity's financial planning process. If reserves exceed or fall below the target level, the Trustees will take appropriate action to adjust spending, fundraising, or investment strategies. The reserves policy will be reviewed annually to ensure it remains appropriate for V-Aid's financial position and long-term sustainability.

7. Use of Reserves

Use of reserves must be approved by the Board of Trustees and will only be considered when all other reasonable funding options have been explored. If reserves fall below the target level, the Trustees will implement a recovery plan, which may include increased fundraising efforts, cost reduction measures, or strategic financial partnerships.

Any use of reserves will be documented and reported in the Trustees' annual review, ensuring transparency and accountability.

8. Link to Long-Term Sustainability

Maintaining an appropriate level of reserves ensures that V-Aid can continue delivering key projects, including the ViCeR rehabilitation and training initiatives, without disruption. The reserves act as a safeguard, allowing the charity to adapt, grow, and respond to emerging needs while ensuring financial security.

9. Reporting and Transparency

V-Aid will report on its reserves position in its annual accounts and Trustees' report, ensuring transparency and accountability to funders, stakeholders, and the public.[1][2][3]

Regulatory Guidance

Charity Commission - [Charity reserves: building resilience.](#)

Charity Commission - [Managing a charity's finances: planning, managing difficulties and insolvency \(CC12\).](#)

Charity Commission - [Charities and Risk Management.](#)

Charity Commission - [Example trustees' annual reports and accounts for charities.](#)

Charity Commission [Operational Guidance 43 – Reserves.](#)