

V-Aid (Victual Aid) Reserves Policy



**Reserves Policy approved by Trustees on
13/10/26**

The policy will be subject to an annual review.

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

1. Purpose of the Reserves Policy

V-Aid is committed to maintaining appropriate financial resilience to support the continuity of its charitable activities. This Reserves Policy sets out the charity's approach to holding and managing reserves to support operational stability, respond to unexpected needs and enable the charity to develop its work sustainably.

2. Definition of Reserves

Reserves are unrestricted funds that are available to V-Aid to support its charitable purposes. Restricted funds are not normally included in general reserves because they can only be used for the purpose for which they were given. Trustees may also designate part of unrestricted funds for particular future needs or priorities.

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.
- Support continuity across V-Aid's humanitarian, Community Humanitarian Response, volunteering, training and other charitable activities.
- Meet unforeseen or urgent costs where appropriate, including emergency humanitarian activity or unexpected operational expenditure.

4. Target Level of Reserves

V-Aid will aim to maintain an appropriate level of unrestricted reserves taking account of its size, commitments, income security, operating costs and foreseeable risks. The trustees may set or review a target level from time to time as the charity develops.

5. Allocation of Reserves

Reserves may include:

- General Reserves: unrestricted funds available to support operational continuity, unexpected expenditure, income shortfalls or other appropriate charitable needs.
- Designated Reserves: unrestricted funds that the trustees have chosen to earmark for a particular future purpose, project, development or anticipated cost. Designation does not prevent the trustees from reconsidering the use of those funds where appropriate.

6. Management and Review of Reserves

The trustees will keep the level and purpose of reserves under appropriate review as part of V-Aid's financial planning and oversight. They may take account of factors such as expected income, expenditure, contractual commitments, staffing, grant conditions, operational risks and future plans.

Where reserves are considered higher or lower than appropriate, the trustees may consider suitable action in light of the charity's circumstances at the time.

7. Use of Reserves

Reserves may be used where the trustees, or persons acting within appropriately delegated authority, consider this to be in V-Aid's best interests and consistent with its charitable purposes. The use of reserves should be proportionate to the circumstances and appropriately recorded. Where reserves reduce significantly, the trustees may consider whether any action is needed to rebuild them over time.

8. Link to Long-Term Sustainability

Maintaining appropriate reserves can help V-Aid manage financial uncertainty, respond to emerging needs and continue its charitable work while allowing the organisation to develop responsibly.

9. Reporting and Transparency

V-Aid will report on its reserves position and reserves policy through its annual reporting and accounts as appropriate and in accordance with applicable reporting requirements.

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](#).