



Hull and East Riding Chess Association - Reserves Strategy

This document sets out the Reserves Strategy to ensure the Charity is able to meet its future financial commitments and to ensure that it has plans to use its funds for public benefit. It was drawn up in accordance with the Charity Commission guidance outlined in document CC19.

Overall, the Charity has a low financial risk. The majority of the spending commitments are short term (within the financial year), at most some commitments stretch over two financial years but that is a small proportion of the overall funds available. The main income is from investments which is paid to the Charity quarterly.

The financial strategy is based on the prudent principle that the Charity will seek to protect the capital investment sum and use only interest and dividends earned. But there is no legal impediment to using the capital sum to cover annual expenditure. The Charity is therefore at minimal risk of financial insolvency, given that the budgeted annual expenditure is a small proportion of the invested sum. Although the Charity has authority to spend parts of the invested capital sum, it would only consider doing so in exceptional circumstances to achieve some major objective aligned to its charitable aims.

The reserves for the purpose of this strategy are defined as those unspent balances derived from investment income and other non-investment income (either restricted or unrestricted in its use).

The Charity has identified a sum of £1,000 as a protected reserve to deal with any emergency funding required and to minimise any short-term financial risk from variations in the Association's Investment Funds. The expenditure of reserves is controlled through the setting and monitoring of the annual budget and, where appropriate, the anticipation of medium-term expenditure for significant, well-defined projects.

The reserves will be held in an account where they can be released within a maximum two week period.

Change History

Issue	Date	Summary of Changes	Author
1	Jan 2023	Revised	
2	Sep 2023	Change of name from HDCA to HERCA	Keith Porteous