

## **LOTUS CARING HANDS (LCH)**

### **Financial Reserves Policy and Procedures**

Charity Registration Number: 1132258

Registered Address: 40 Pomeroy Close, Amersham, Buckinghamshire, HP7 9BW

#### **1. Purpose of the Policy**

The purpose of this policy is to define how Lotus Caring Hands (LCH) manages its financial reserves to ensure long-term financial stability, continuity of charitable activities, and responsible stewardship of funds.

#### **2. Definition of Reserves**

Reserves are unrestricted funds that are available to be spent at the discretion of the Trustees in furtherance of the charity's objectives. Restricted funds and designated project funds are excluded from reserves.

#### **3. Purpose of Holding Reserves**

LCH holds reserves to:

- Ensure continuity of services in case of unexpected income shortfalls
- Cover unforeseen or emergency expenditure
- Support sustainability and long-term planning
- Manage financial risks responsibly

#### **4. Target Level of Reserves**

The Trustees have agreed that the target level of free reserves should normally be equivalent to:

- Between 6 and 12 months of core operating expenditure

This level will be reviewed annually or when significant changes occur.

#### **5. Use of Reserves**

Reserves may be used only when:

- Approved by the Board of Trustees
- Required to maintain essential services
- Supporting strategic development approved by the Board
- Managing short-term financial risk

All use of reserves must be formally recorded in board minutes.

#### **6. Monitoring and Review**

- The Treasurer will report reserve levels quarterly.

- The Board will review reserves as part of the annual budgeting process.
- Any significant change in reserve levels must be explained and documented.

## 7. Rebuilding Reserves

If reserves fall below the target level, the Trustees will:

- Review expenditure
- Identify income generation opportunities
- Consider fundraising or cost reduction measures

## 8. Responsibility and Oversight

The Trustees are collectively responsible for ensuring compliance with this policy.

## 9. Review of Policy

This policy will be reviewed annually or sooner if circumstances change.

Approved by the Board of Trustees

Date: 26/12/2025

Next Review Date: 26/12/2025