

## **Lundy Field Society**

### **Reserves Policy**

#### **Introduction**

LFS receives income in various forms, and as a charity it exists to spend that income in support of its charitable aims.

Some income is regular, for example annual subscriptions, while other income can be highly irregular and unpredictable such as one-off donations and legacies.

The charitable activities we may wish to fund are also a mix of the recurring, such as publishing our scientific journal, and irregular and unexpected, such as opportunities to support scientific research or to fund conservation projects on the island.

The mixture of predictable and unpredictable incomes and expenditures makes it prudent and appropriate for the society to hold financial reserves at most times, generating income when we can do so and holding it so that we have resources available when a significant need arises.

It is also worth noting that the charities income is cyclical with around 75% of subscriptions, which typically makes up c40% of income, received in January. The reserves profile will naturally vary during the course of the year.

#### **Minimum Value of Reserves**

The charity seeks to hold in reserve a minimum value of cash or other similarly liquid assets which would enable it to continue to exist for a period of 12 months in the event that it were to experience a catastrophic loss of income for whatever reason.

As the charity is entirely run by volunteers and has low overheads this is a comparatively small amount. The charity will seek to hold a contingency reserve to the value of £12,500 at all times.

#### **Maximum Value of Reserves**

As both income and expenditure can be highly volatile, the trustees do not seek to place a limit on the maximum reserves the charity should hold. An individual legacy could, as recent history has shown, substantially increase our reserves, and we will hold surplus funds until such time as we are able to identify worthy projects.

The trustees however remain committed to spending the charity's reserves, held above the minimum, in furtherance of the charitable aims in ways which maximise the benefit they can deliver over time.

#### **Investment of Reserves**

The trustees will seek to maximise returns from the reserves held by earning interest on cash wherever possible and by investing reserves in line with the charity's Investment Policy.

Document Version	Author	Approval Date
1.0	John Shelley - Treasurer	4th January 2025 by the Executive Committee