Reserves policy **Feb 2026**

The Charity pays its debts as they arise and the aim is to have no significant sums due to be paid by the Charity at the end of the year. The majority of the cash assets of the Charity are held as unrestricted reserves and hence are available to meet the liabilities of the Charity. In the short term, therefore, the Charity has little need of reserves.
However, the Charity has potential long term liabilities. These arise out of:

a) The employment of two staff in connection with Barrow Community Library. The Charity must take account of the cumulative nature of the employment rights of its employees. At present these are insignificant in the context of the unrestricted reserves of the Charity.
b) The lease of Barrow Community Library from Leicestershire County Council. As the lease is at a nominal rent and the Charity is not responsible for the fabric of the building, the potential liabilities are limited. However, the Charity is proposing to make alterations to the building and the licence authorising these will contain a reinstatement clause. While it is unlikely that this clause will be invoked at the end of the contractual term of the lease or at all, the reserves policy of the Charity must, if the work is carried out, recognise this potential liability and take it into account in fixing future reserves policies.

In relation to a) and b) above, the Library Management Committee has deemed it prudent to allocate within its unrestricted reserves an amount equivalent to 6 months of operating expenses to cover any eventuality where income is reduced or restricted for any reason beyond its control. This amount will be reviewed annually.

In addition, both BUSCA itself and the Library are permitted to deposit funds with a committee approved building society in order to that interest and other deposit benefits can be earned to generate further income in their favour. Such deposits should be managed so that the balances held in Unity Trust accounts are sufficient to manage payments of day to day expenses as they arise.

Reviewed and approved Feb 10th 2026

Signed

Date