



Financial Reserves Policy and Procedures



Purpose of Financial Reserves

The financial reserves of the Rehmat Educational Foundation serve to provide financial stability and ensure the foundation's ability to continue activities in the event of unforeseen shortfalls in income or unexpected needs for expenditure.

Compliance with Regulations

Rehmat Educational Foundation is committed to following guidelines set out by the Charity Commission for England and Wales, ensuring responsible financial management and transparency.

Target Level of Reserves

- The reserves target level shall be evaluated annually.
- The target level depends on the assessment of risks relating to income volatility, unforeseen expenditures, and the strategic plan requirements.
- A level of reserves covering 3 to 6 months of operating costs is usually considered prudent.

Managing Reserves

- The Board of Trustees is responsible for regular monitoring and managing the reserves.
- Reserves will be held in easily accessible forms of cash or near-cash investments to ensure liquidity.
- Investment strategies must align with the foundation's ethical guidelines and financial needs.

Usage of Reserves

- Reserves are to be used only under circumstances of financial distress or when alternative sources of funding are unavailable.
- Usage requires authorisation from the Board of Trustees with full transparency and recorded decision-making.

Replenishing Reserves

- Upon withdrawal, a strategic plan to replenish reserves must be enacted promptly.
- Fundraising activities and cost-saving measures will be prioritised as means to restore reserves.



Annual Review and Reporting

- An annual review of the reserve policy will be conducted.
- The review will include an assessment of risks, the adequacy of reserve levels, and financial projections.
- The reserve levels and any deviations from the set target must be clearly stated in the annual report and financial statements.

Accountability and Transparency

- The reserves policy will be communicated clearly to all stakeholders.
- Stakeholders include beneficiaries, donors, and regulators, ensuring transparency in the foundation's financial management practices.

Policy Amendments

- Any changes to the reserves policy require approval by the Board of Trustees.
- Amendments should reflect changes in the foundation's operational needs, financial circumstances, or risk environment.

Contingency Planning

- Develop and maintain a contingency plan for potential financial crises.
- Regularly update the contingency plan to reflect current operational risks and financial projections.

This Financial Reserves Policy is designed to assure stakeholders of Rehmat Educational Foundation's commitment to sustainable financial health and strategic planning in accordance with regulatory expectations.