



FROME AREA COMMUNITY LAND TRUST RESERVES POLICY

Approved Jan 24th 2020

Revised

Next Review: January 2021

1. Objects of the Trust

- 1) The primary aim of the Frome Area Community Land Trust (FACLT) Ltd is to develop genuinely affordable homes for local people in demonstrable housing need.
- 2) Additionally the Trust will support the provision of housing to meet other local needs and aspirations, such as self-build and co-housing.
- 3) If an opportunity or need arises, the Trust will undertake other projects or take on assets that are important to the community, such as workspace for local people.

2. Stated Reserves Policy

The directors will aim to hold financial reserves in line with good practice to safeguard the Trust's ability to continue to undertake its activities in support of the community.

The directors intend that the Trust will hold reserves to the equivalent of at least 6 months of normal operating costs. This level of reserves has been determined in order to:

- a) ensure continuity in meeting the needs of beneficiaries and the Trust's financial obligations;
- b) ensure the Trust can bridge cash flow problems in that may arise;
- c) maintain and develop its community activities.

The directors will review this policy annually and will keep the level of reserves under review to ensure they are at the appropriate level.