

## **POLICY 004**

Revised on 23rd February 2018

### **FINANCIAL RESERVES**

#### **1. LEGAL ACTIONS**

The main tasks of the PNFS are to ensure that the public footpaths, rights of way in its area can be walked safely and enjoyably without any physical interference or obstructions, and to seek legal recognition of unrecorded public rights of way.

It follows that the PNFS, may need to seek legal remedy in those situations where proper procedures have failed to resolve the problem issues.

Before embarking on legal action, PNFS will first have the matter considered in detail by the Courts and Inquiries Committee (C&IC), where agreement must be reached and minuted before progressing.

Monies are then needed to cover the following costs that could arise from such actions: -

1. Action at Magistrates' Court
2. Taking legal advice to QC level
3. Instructing Solicitors and QC's to represent the Society in Court and at public inquiries
4. Meeting costs awarded against the Society should our action fail
5. Meeting further costs awarded against the Society on Appeal
6. It is possible costs could be awarded against the Society if one of its representatives was found guilty of slander or libel in pursuit of seeking to remedy a footpath issue.

It should be noted that spending under points 2-6 is very infrequent but, when it does occur, it can be very expensive, so substantial reserves must be held.

#### **2. MAINTENANCE OF TAYLOR HOUSE**

Taylor House is a pre-war structure and while it is fundamentally sound, there are potential costs:

1. Whilst we have an electrical safety certificate, this was only obtained by removing some defective circuits and it is possible that other circuits will fail, ultimately requiring a complete rewire, replaster and redecorating. Estimated at £10,000, carried over from last year's estimate
2. At some point we may be required to make adaptations in order to conform with disabilities legislation.

It is clear that we might be required to spend a substantial sum at short notice to maintain the integrity of the building.

### **3. SETTING THE LEVEL OF RESERVES**

Guidance has been taken from the Charities Commission document entitled Charities' Re  
The PNFS Balance Sheet for the year ending Dec 31st 2017 shows:- **£426,952**

Deduct the Societies Restricted funds of **£62,510** (estate donation plus associated gift aid to be used for legal costs only). We are also deducting from this our fixed assets which are not readily realisable. Property, computers **£60,654**

This leaves reserves of:- **£303,788**

Deducting from this the estimated Taylor House potential repair costs of £10,000 leaves **£293,788**

We are deducting from this our designated (ring fenced) legacy funds of **£104,598**

**This leaves a final reserve of :- £189,190**

Investments of £184,940 could be sold to pay any income shortfall. This would however slowly reduce the contribution dividends, £8,686 this year, make to the income of the Society leaving an ever increasing income shortfall each year. The reserves target has been increased by 3% inflation on last year's target.

The Society should be looking for reserves of between:- **£154,500 to £206,000.**