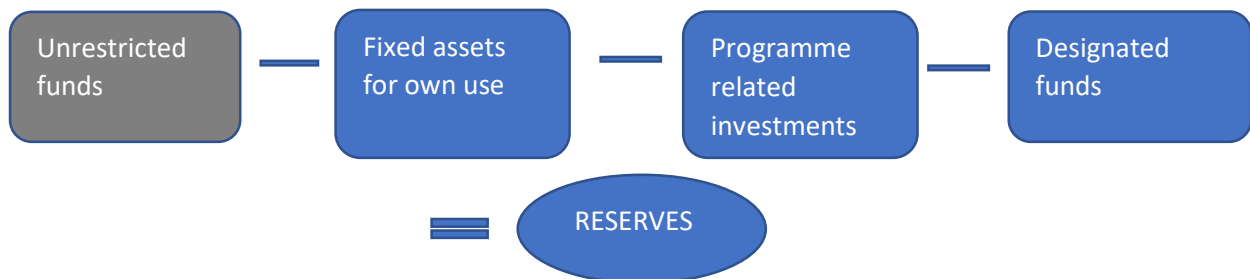


The term “reserves” has a variety of technical and ordinary meanings, depending on the context in which it is used. In this SORP the term “reserves” (unless otherwise indicated) describes that part of a charity’s income funds that is freely available to spend on its charitable purposes.

This definition of reserves therefore normally excludes restricted income funds and endowment funds as these must be spent in a specific way. Reserves will also normally exclude

- tangible fixed assets held for the charity’s own use (as these are used by the charity to carry out their activities and as such cannot be sold to meet a funding deficit);
- programme-related investments (those held solely to further the charity’s purposes); and
- amounts already set aside for future spending (designated funds).

The figures for the calculation will come from the charity’s balance sheet or in the notes to the accounts and can be made as follows:



Where a charity has a revaluation reserve or a pension reserve on its balance sheet, these will normally form part of unrestricted funds. However, you should refer to the relevant paragraphs in this SORP and external guidance where appropriate.