

Notes from first meeting on Reserves & Distribution Policy

The purpose of this document is to itemise candidate expenses that might be covered by a Reserves & Distribution Policy once quantified.

The point of such a Policy when created is to specify the level of financial reserve that is desired in order to maintain longer term financial sustainability. A reserves policy can be aspirational - it does not need to describe necessarily what reserves an organisation holds as much as what reserves it understands that it needs to build up. It is to give stakeholders, investors and funders confidence that a society is well managed and at least has a strategy for building up reserves.

Question: Would Shildon Railway Institute become liable to pay Corporation Tax upon becoming a Community benefit Society? MA to ask Plunkett at next opportunity.

Things that we think need to be covered in a Reserves Policy

- Potential costs of winding up the business in the event that we have to do so - what if we had to cease trading?.
- Contingency for the unforeseeable - what if we were unable to trade for a period?
- Costs associated with planned and unplanned maintenance - what if our building were to be damaged by weather, vandalism or something ceased to function?

At the moment we're not commencing from a period of strength in that the current pre-transition Management Committee do not carry out financial forecasting, nor do they seem to have appetite to do so - so setting out financial forecasts would need to address this as a priority as this would not only give understanding towards tightening a Reserves Policy, but would also provide some of the information that potential funders would expect as a minimum in order to invest to the extent that we expect we will require.

We have been able to use the annual financial accounts to give an understanding of some of the annual costs borne by the Institute.

Unavoidable costs in the event of winding up the Institute

Question: What rights would our permanent full time, and our part time staff have in the event of dissolution of the Institute?

- Cost of the Accountant producing and filing final accounts for the last operating year. £2,000
- Business liquidation costs, charges, fees £TBC
- Wages to Stewardess and NI contributions (1 month's notice)* £TBC
- Costs associated with termination of employment of casual bar and cleaning staff £TBC
- Return of Stewardess's accommodation bond £TBC
- Final outstanding payment owed for utilities, Gas, Electricity £TBC
- Final outstanding payment owed for utilities, Water £TBC
- Final outstanding payment owed for utilities Telephone & Broadband £TBC
- Outstanding payments for stock & goods, £TBC
- Refunds of deposits for hall bookings £TBC
- Refund of tickets purchased £TBC
- Refund of shareholder investments £275 (est.)
- Legal and professional fees £1,000 (est.)
- Post-closure storage of historical items pending disbursement £TBC

Other costs to consider

- Lottery ticket machine rental, ticket costs
- Pool table hire
- Sky TV contract
- TV License costs
- Performing Rights Society license

Contingency funds required in the event that we may not be able to trade (provision for up to 3 months)

Amount £TBC - we would need a forward looking financial forecast to do this

Maintenance Fund

Estimated provision £10,000