

# Financial Reserves

## Policy

### Legal Actions

1. The main tasks of the PNFS are to ensure that the public rights of way (PROW) in its area can be used safely and enjoyably without any physical interference or obstructions, and to seek legal recognition of unrecorded PROW. It follows that the PNFS may need to seek legal remedy in those situations where proper procedures have failed to resolve the issues.
2. 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. These decisions are passed to the Managing Committee for ratification before monies are committed. Costs arising from legal actions approved by these committees may comprise the following:
  - 2.1. Magistrates' Court costs
  - 2.2. Legal advice
  - 2.3. Instructing Solicitors and/or Barristers to represent the Society in court and at public inquiries
  - 2.4. Meeting costs awarded against the Society should our action fail
  - 2.5. Meeting further costs awarded against the Society on appeal
  - 2.6. Further costs awarded against the Society if one of its representatives was found guilty of slander or libel in pursuit of a remedy to a PROW issue
3. Spending under items 2.2-2.6 is very infrequent but, when it does occur, it can be very expensive, so substantial reserves must be held.

### Real Estate

4. Taylor House is a pre-war structure and while it is fundamentally sound, reserves should be held to cover the following potential capital costs:
  - 4.1. Whilst we have an electrical safety certificate, the building may in future require a full re-wiring to meet current safety standards. Estimated at £10,000 (2023).
  - 4.2. Future legislation may require structural work to improve accessibility.



- 4.3. Emergency structural or other safety works in response to accident, damage, or natural disaster.

## Reserves

5. Guidance has been taken from the Charities Commission document entitled Charities' Reserves: building resilience (published 29 Jan 2016) and our Independent Examiner.
6. The PNFS Balance Sheet for the year ending Dec 31st 2022 shows: £454,471
  - 6.1. Deduct the Society's restricted funds of £61,010 (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.
    - 6.1.1. Property, computers £60,654
  - 6.2. This leaves reserves of: £332,807
  - 6.3. Deducting from this the estimated Taylor House potential repair costs of £10,000 leaves £322,807
  - 6.4. We are deducting from this our ring-fenced legacy funds of £113,212
  - 6.5. This leaves a final reserve of: £209,595**
7. Investments of £150,886 could be sold to pay any income shortfall. This would however slowly reduce the contribution of dividends made to the income of the Society, leaving an increasing income shortfall in future years.



## Version History

| Version | Summary of changes              | Effective from: | Effective to: |
|---------|---------------------------------|-----------------|---------------|
| 1.0     | First version                   | 2022-01-28      | 2023-03-31    |
| 2.0     | Update                          | 2023-03-31      | 2024-05-24    |
| 3.0     | Updates for clarity and privacy | 2024-05-24      |               |