



Financial Accounting and Reserves

Financial Accounting

It is Pillar Kincardine policy to comply at all times with the legal, moral and good practice requirements that accrue from our status as a registered company of charitable status, limited by guarantee.

As directors/trustees of the company, the Board is required by law to prepare

- financial statements for each financial year that (a) give a true and fair view of the state of the company's affairs and (b) have been prepared in accordance with applicable accounting practices.
- a directors' report for each financial year and also an annual report complying in its form and content with applicable company and charity regulations.

We accordingly undertake to

- select suitable accounting policies and apply them consistently.
- keep adequate accounting records which disclose with reasonable accuracy at any time the company's financial position.
- safeguard the assets of the company through the prevention and detection of fraud and other irregularities.
- make judgements and estimates that are reasonable and prudent.
- take reasonable steps to ensure the company's activities are conducted honestly.
- determine, for each financial year, whether the company meets the conditions for exemption from an audit.
- decide, for each financial year, whether an independent examiner's report in respect of the financial statements shall be made.
- appoint appropriate accountants to make such a report where necessary.
- make available to the independent examiner, as and when required, all accounting records and related financial information, including minutes of management and members' meetings that are necessary to carry out this work.
- make a full disclosure of all relevant information.

Reserves

We aim as a company to maintain sufficient working capital to enable us to carry out all of our activities effectively and to agreed timescales within the year, and to ensure prompt and efficient payment of our creditors for goods and services received.

We recognise the short term nature of much of our funding and consider that, given the nature of our work as a charity, our free reserves should represent a minimum of six months' revenue expenditure so as to:

- 1) Provide funds to maintain a level of service delivery in the event of unanticipated shortfalls in income.
- 2) Provide funds which can be designated to projects at short notice in the event of a perceived need.
- 3) Cover management, administration, fund-raising and support costs in the event of significant delays in securing new funding when existing grants expire.

We also recognise that in the event of our existing funding arrangements coming to an end, the search for alternative sources of funding may in the end prove fruitless, requiring the Board to undertake the orderly winding up of our Charitable Company. Given the sensitive nature of the charitable work in which we are engaged, and the vulnerability of many of those who use our services, we consider that a reserve equivalent to three months operating costs would be needed to ensure that the Company could, in such circumstance:

- a) Meet its statutory legal and contractual obligations to outside parties.
- b) Discharge its statutory legal and contractual obligations, and fulfil its Duty of Care to its Employees.
- c) Fulfil its Duty of Care to its members and others who make use of, and depend on, the services it provides.