

0. Restricted vs. Unrestricted (general) funds

Some funds can be used for any of a charity's purposes, and some have restrictions on their use placed on them by their donors or from the purpose declared when the funds were collected.

It is a breach of trust to use restricted funds for purposes other than those for which they were given by the donor.

From time to time, MOSHRS raises funds for a specific purpose such as the Bringing History Home, Local History Lives projects. These projects may receive grants and may raise money through public or private donations. These are restricted funds.

MOSHRS Trustees may also decide to dedicate or assign some of the general fund to a project to enable it to meet its objectives. This money is "dedicated" and not restricted; it can be "undedicated" and released back to the general fund at a later stage if it is subsequently not required.

1. Fund raising

Fund raising needs to be carefully planned and managed. It is considered a failure if a fund raising endeavour fails to raise enough money to complete its task and money may need to be returned to donors. It is also a failure if the project raises too much money, since the money cannot simply be spent on other purposes.

Therefore, the purpose and statements concerning the fund raising should be reasonably broad, so the project has some flexibility of scope. This may, for example, include a secondary but related purpose. It may also be possible to add statements or agree with donors that any residual funds, once the project is completed, may be used for more general purposes within the charity's remit (i.e. released to the general fund)

For more details on this see:

<https://www.gov.uk/government/publications/charity-fundraising-appeals-for-specific-purposes/charity-fundraising-appeals-appeal-wording-and-record-keeping>

2. Accounting

Restricted funds must be tracked and accounted for separately from the general fund, even if all the monies are kept in the same account. This means recording any funds collected and any expenditure met against the specific project. The overall income and expenditure must be reported separately from the general fund categories.

Restricted funds are used towards an activity before any unrestricted funds.

3. Dealing with residual funds

In the situation where the restricted funds cannot be spent on the restricted purposes, then one of the following must apply.

- The donor can be asked whether they will agree to a widening of scope and if they agree, the money can then be spent.
- The residual money can be returned to the donor (assuming they can be identified).
- If the residual amount is £1,000 or less the charity commission allows the trustees to make a resolution to make use of the funds for a new purpose.
- If the residual funds are more than £1,000 an application must be made to the charity commission.

4. Undesirable donations

Any donations offered for purposes outside the scope of MOSHRs must be refused and returned.

Any donations given with restrictions that the trustees feel are too onerous or which would result in a significant liability compared to the value of the donation must also be refused.

This policy is a distillation of the Charity Commission's general advice and Accounting Practices as relates to MOSHRs. In the event of any difficulties applying the policy, please refer to:

<https://www.gov.uk/guidance/charity-commission-guidance>

<https://www.gov.uk/government/publications/charities-sorp-2005>

Policy Approved – 9th March 2023

Policy to be reviewed – March 2025