# Warmley Preschool – Charity

# Reserves policy

At Warmley Preschool, we aim to hold sufficient reserves to meet redundancy obligations and mobile phone contract. We aim to maintain a level of funds to assist us if income falls below expected or to assist our recovery should we encounter a business disaster, for example loss of premises.

## Aims

* Retain funds to cover redundancy and mobile phone contracts, any other termed commitments we may have in the future.
* Ensure our funds cover the cost of relocation, in the incidence that our current rental accommodation becomes unavailable. This equates to a terms costs, which equates to 13 weeks.
* Manage our funds responsibly.
* Provide a budget to enable us to predict fluctuations in our revenues and expenditures quickly to enable quick resolutions.
* In the event that funds are used to recover from unexpected incidences, we will aim to rebuild our reserves primarily to meet redundancy obligations (inclusive of pension payments), and continue to rebuild our funds to cover a business disaster.

## Procedures

* As per recommendations, we operate 2 bank accounts.
* We use a business current account for our business transactions.
* We have a reserves account, this is a business savings account.
* Each year after our AGM, we review our reserves. We base this calculation on the cost of redundancy for the full preschool team, essential costs such our mobile phone contract. The fund must cover at least these costs at a minimum.
* We aim to cover the cost of notice to staff.
* Our redundancy fund grows each year and will continue to do so as we employ the changes of the living wage. Also if we take on a new member of staff, we cover the notice period in the redundancy calculation.
* There may be other costs that will be taken into consideration, this will be reviewed by the committee and if agreed, will be reflected in our policy.
* We will make suitable risk assessments before using reserves.
* The money in reserves are for the described reasons. Should we encounter a situation that does not reach this criteria, the committee will meet to discuss alternative options. If the only solution is to use our reserves, then this will be done by a committee vote.
* Our reserves will be grown using good business practice techniques. This will ensure our income is greater than expenditure.
* Reserves will not be developed by fund raising activities.
* We will actively seek opportunities to fund the preschool activities by fund raising, parent/carer inclusion and donations.
* If using our reserves results in a balance of £7,000 or less, we will look at alternative options to funding that activity.
* Our Reserves policy will be reviewed periodically.
* Our Reserves policy will be reviewed in any instance that we have used a portion of our reserves.
* Our policy has been revised to take into consideration the changes in the preschool in the last 2 years.

# Adoption of Policy

This policy was adopted as follows :

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| --- | --- |
| **Meeting of** |  |
| **Date held** |  |
| **Date for review** |  |

Signed on behalf of the management committee

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| --- | --- | --- | --- |
| **Signature** |  | | |
| **Name of Signatory** |  | | |
| **Role of Signatory** |  | **Date** |  |