



# Reserve Fund Policy

Date reviewed: 15.09.2023

## Policy statement

The financial security of the Pre-school is important, so the money will be kept in reserve for unforeseen circumstances. The funds held by Hanslope Pre-school fall into three categories:

### Unrestricted Funds

The charity's general reserves are made up of grants from the local council, and private fees. Unrestricted funds are needed to cover staff costs and those of administration and support without which the Pre-school could not operate. Income levels vary during the year, but expenditure levels remain relatively constant throughout. Income is at its lowest during the Autumn Term rising during the Spring Term to its highest level in the Summer Term. This is due to the availability of government childcare funding. The Trustees consider it prudent that unrestricted funds should be sufficient to cover 3 month's administration and support costs at the start of the academic year. This level will ensure we have adequate resources to cover our outgoings whilst income is at its lowest level during the Autumn Term. Without this funding level, we would not have sufficient funds to ensure our continued operation until the end of January.

### Restricted Funds

Restricted funds normally arise from donations or grants which have been received to meet the costs of specific items of expenditure. An example includes Early Years Pupil Premium (EYPP) which must be spent to improve outcomes for specific children.

### Reserve Funds

The reserve amount is available on request from the Committee. The reserve funds are held in a separate Pre-school savings account. The amount is regularly monitored by the Committee to reflect any necessary changes to the required level of reserves. The reserves fund may be called upon to fund:

- Potential major repairs to the building (roof, flooring, heating & plumbing system, boiler, etc).
- Upcoming agreed renovation projects.
- Potential loss of income due to any fluctuation in the number of children attending Pre-school.
- The need to fund short-term deficits in a cash budget, e.g., money may need to be spent before a funding grant is received.
- Potential staff redundancy payments.
- Potential payments to debtors should the Pre-school close.
- Replacing equipment as it wears out, The Committee will take the final decision as to how and when the reserve funds are used. This policy should be reviewed annually to make sure the reserves account holds enough to cover future eventualities.

The Reserves Policy must be reported in the trustee's annual report (TAR) to the Charity Commission.

This policy was reviewed by Hanslope Pre-school on 15<sup>th</sup> September 2023

Date to be reviewed 15.09.2024

Signed on behalf of Hanslope Pre-school.....B. Mudaliar.....

By Brittany Mudaliar

Chairperson on 15/09/2023