

11.2 Reserve Policy

Little Saints Community Pre-school's Reserves policy

Aim

As a non profit making charity we as the committee of Little Saints have reviewed the pre-school's need for reserves in line with guidance issued by the Charity Commission and the pre-school Learning Alliance.

To ensure that our charity is able to operate during periods of lower income (for example lower occupancy levels or a source of funding not being renewed)

To ensure money is reserved for unexpected events, redundancies or any emergencies.

To ensure our Reserves Policy is in line with our Constitution requirements as per the Pre-school Learning Alliance Model Constitution.

- Section 3(k) Powers - to set aside funds for special purposes or as reserves against future expenditure.
- Section 9.7 Finance and accounts states that the committee may resolve to set aside income as a reserve against future expenditure but only in accordance with a written reserves policy.

To provide an opportunity to reserve money for future projects, for example a new building.

Objectives

Trustees understand that uncertainties may be faced in the future and the need to hold reserves where future income alone is unlikely to meet costs.

We recognise that trustees need to be able to justify the holding of income as reserves as the Charity Law requires any income received be spent within a reasonable period of receipt.

Those funds that are restricted will not be used in the Reserves, for example Funds received from a funding provider for a specific purpose.

The Reserves Policy is a working document that will be reviewed annually as part of our financial planning.

The amount held in Reserves should be monitored during the course of the year as part of the charities budgetary processes. Action may be needed to replenish or spend reserves.

The Reserves Policy must be reported in the trustee's annual report.

We will be open to our users/ stakeholders about the level of reserves.

This policy was written in line with the Pre- school Learning Alliance Model Constitution 2011 and the Charity Commission guidance 'Charities Reserves'

The reserve

The Committee have determined that as with all business functions there is an inherent risk of liability through trading. Therefore, we aim to hold £44,000 in the reserve account against unexpected emergency expenditure. This includes but is not limited to:

- Ensure there are sufficient cash reserves in the current account to cover day to day running costs, including staff training & staff meetings.
- Replace equipment as it wears out and carry out necessary maintenance.
- Closure due to unexpected damage to our rented premises,
- re-location of the pre-school from its current premises.
- Unexpected drop in expenditure, resulting in Little Saints Community Pre-school being unable to meet its financial obligations
- Redundancy payments after closure of business, (£29,000)
- Any other reasonable expense agreed by more than half the Committee members.

This policy was adopted by

Held on

Date to be reviewed

Signed on behalf of the provider

Name of signatory

Role of signatory

(e.g. chair, director or owner)
