16.1 Financial Reserves Policy

Financial Reserve

Policy Statement

We aim to hold an appropriate level of reserves in place for potential future expenditure and to cover our financial obligations in the unlikely event the Pre-School should get into financial difficulties or experience unforeseen circumstances.

However, we recognise that as a charity, we need to balance this with our duty to spend our income on charitable activity to further the aims and objectives of the Pre-School.

Procedures

We need reserves in order to:

- meet redundancy liabilities should the Pre-School have to close;
- ensure continuity of service provision by holding a general contingency to cover running costs during periods of lower income.
- finance agreed expansion/renovation projects.
- cover potential payments to debtors should the Pre-School have to close.
- replace equipment as it wears out and carry out necessary maintenance.
- The Committee carries out a regular assessment (at the financial year end) of the Pre-School's needs to determine the amount of reserves required.

In the event of the reserves falling significantly below the target level, the Pre-School will aim to restore these as soon as possible by increasing earned income and fundraising or reducing expenditure. If the reserves are significantly above the target level, the Committee will put in place a plan as soon as possible, aiming to eliminate the excess within four years by spending money to enhance the Pre-School's provision, or otherwise to further the aims of the pre-school.

The Committee will not take any action which might call into question the ability of the Pre-School to continue as a financially viable operation in the long term. In particular, it will not plan to use excess reserves to cover essential running costs.

This policy was adopted by Springfield Bees Pre-School

On 15/12/25

Date to be reviewed 15/12/26

Signed on behalf of the provider _____

Name of signatory _____

Role of signatory (e.g. chair, director or owner) _____