



**Reserve Policy**

**Aim**

- To adhere to good financial practice, as recommended by the Charity Commission and the pre-school’s accounting adviser.
- To protect the pre-school trustees, committee members and staff in the event of the financial difficulty of the group.
- To enable the pre-school to fulfil its obligations under employment law.

**Method**

- A separate account shall be maintained by the pre-school to fulfil the purposes set out above.
- The operation of the account shall be determined by the Manager and the Management Committee.
- The account should have an appropriate rate of interest (which should be retained within the account), reasonable access arrangements and must have little or no risk attached to the investment. There should be 3 signatories on the account of which 2 are necessary for any transaction.
- The required level of the fund shall be determined within a month of the AGM by the Manager and the Management Committee.
- The level should be a minimum of 3 month’s operational costs of the group based on a monthly aggregation of the projected annual pre-school costs plus funds to cover the cost of redundancy.
- This target should be met as soon as possible from any available income-generated surplus. The level of the target and its achievement should be monitored termly.
- Withdrawals from the reserve account may be made where circumstances dictate that the use of the fund is necessary to comply with employment or other legal responsibilities of the group, or where the future operation of the pre-school would be otherwise jeopardized.

The Manager and Chairperson are responsible for monitoring and evaluating the policy.

Reviewing the Reserve Policy: The Chairperson is responsible for overseeing the annual review.

**The Lavington Pre-school Reserve Policy will be reviewed on:**

**Date:** ..... **Signed:** .....

**Name:** ..... **Post:** .....

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