

## Financial Reserves Policy

St Mary's Preschool aims to hold sufficient financial reserves to sustain the preschool if our income falls below expected levels. Our intention would be to continue functioning as a preschool if at all possible and cover the payment of staff redundancies in the unlikely event that the preschool had to close.

### Aims

To manage our finances responsibly, budget for predictable fluctuations in income and hold reserves to cover expenses due to other eventualities.

### Method

- If the building were to become unavailable to us (for example due to a fire) the preschool would seek alternative temporary premises as a matter of urgency providing that to do so was financially viable and complied with Ofsted registration requirements.
- We will aim to hold sufficient reserves to pay statutory redundancy payments to all staff.
- We will aim to hold enough reserves to cover running costs of the setting for three months, including staff salaries.
- Reserves will be held in bank/building society account where interest will be earned but there is instant access.
- The Treasurer will actively monitor the funds held in reserve to enable the committee to ensure the reserves are adequate but not excessive.

### Designated Surplus

In the 2021/2022 school year it is anticipated that a high number of leavers in July 2021, will result in a predicted deficit at the year end. The surplus available at the year ended 31 August 2019 has been used to top up the reserve account detailed above and the balance will be held as a designated surplus in a separate bank account. The designated surplus will ensure that the ratio of children to staff will not require increasing to the levels seen in the 2018/2019 year, ensuring that the pre-school can maintain its high standards in childcare provision.

All our policies can be translated into the language of your choice on request.

This policy was adopted at a meeting of  
Held on  
Date to be reviewed  
Signed on behalf of the management committee

St Mary's Pre-school

12 November 2019

November 2020



Name of signatory  
Role of signatory (e.g.  
chairperson)

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E Griggs

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Chair

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