

## Whiteley Preschool Financial Reserves Policy



It is imperative that charity run preschools have a financial reserve; these finances should be held in a separate account to the capital funds.

The reserve account is to be used to purchase goods and services up front, to meet unexpected spending requirements, unexpected expenses and a set amount should be retained to ensure operating costs can be covered should the preschool have to close.

This should include, rent, wages, and bills as well as redundancy payments to staff and payments to debtors. They can also include monies that can be used to purchase a permanent setting for the business or to extend the business by starting a second preschool.

### **Process**

At the annual AGM the reserves account will be reviewed and a full assessment regarding the available finances will be undertaken. The review will include an assessment of projected costs should the preschool close and a set amount for unexpected expenses.

Use of the reserve account will be agreed by the Trustees and Chairperson and all usage will be detailed and accountable in committee meeting minutes.

Date: 1<sup>st</sup> December 2014

This policy was reviewed on 4<sup>th</sup> May 2023

Signed..... Chair Person