



Registered charity no 1182859

Reserves are part of a charity's unrestricted funds that are available to spend on any of the charity's purposes.

The Trustees of Woodpeckers Preschool CIO are responsible to the key stakeholders for ensuring that the organisation's finances comply with relevant regulations. Stakeholders are individuals and organisations connected with our preschool and include children, parents/carers, staff, funders, bankers and statutory bodies.

Trustees are also responsible for ensuring that the finances are managed in accordance with the Preschool's constitution.

The Preschool needs reserves to:-

1. meet redundancy liabilities should the preschool have to close;
2. ensure there are sufficient cash reserves in the current account to cover day to day running costs;
3. ensure continuity of service provision by:
 - a) meeting unexpected costs such as cover for illness or maternity leave, etc;
 - b) covering running costs during periods of lower income (e.g. while adjusting to school policy changes or following falls in funding); and
4. replace equipment as it wears out and carry out necessary building maintenance.

In light of the above, we aim to maintain reserves consisting of:-

- a) reserves to meet redundancy liabilities in the event of the Preschool ceasing to operate; and

b) general contingency reserves equal to one term's (i.e. one third of annual) total expenditure.

The Committee will monitor the actual level of reserves and compare with the target level annually following the preparation of annual accounts. The Preschool has no restricted funds.

In the event of reserves falling significantly below the target level, we aim to restore the reserves as soon as possible by increasing fundraising, increasing income or reducing expenditure.

Designated Funds

If reserves are significantly above the target level, the Committee will earmark them as designated funds. Designated funds are part of the unrestricted funds which trustees have earmarked for a particular project or use, without restricting or committing the funds legally. The designation may be cancelled by the trustees if they later decide that the charity should not proceed or continue with the use or project for which the funds were designated.

The Committee have approved that the designated funds for Woodpeckers preschool CIO should be for the future purchase of a property that the preschool operate out of. This would offer the preschool much greater financial stability in the future.

Policy Review

This policy will be reviewed and approved annually following our financial year-end by the Preschool Committee.

This policy was adopted by Woodpeckers Preschool CIO committee on 13th July 2021 and will be reviewed annually.

Signed

Chelsea Groome (Chair Person)

Trustee of Woodpeckers Preschool CIO