



Reserves Policy

Lymestone Preschool aims to hold sufficient financial reserves to meet redundancy obligations and sustain the Preschool if income falls below expected levels. Additional funds will also be allocated in maintaining the building, and for any emergency repairs should they arise.

Our Aims:

- To manage our finances responsibly.
- To budget for predictable fluctuations in income and expenditure.
- To hold reserves to cover redundancy obligations, as well as one month's wage.
- To hold reserves for large building maintenance jobs and emergency repairs to the Preschool.

Procedures:

The Preschool operates 3 accounts:

- A general account for day-to-day income and expenditure.
- A redundancy and wages reserve account, covering the cost of Redundancy obligations, and one month of staff wages in case of any emergency not being able to access wages through our general account.
- A building account to cover any large projects within the Preschool grounds, and any emergency repairs the building may need.

Redundancy entitlement begins once a member of staff has been employed for two years. The amount held in the redundancy reserve account will be recalculated annually using the HMRC calculator. This will take place at the beginning of our financial year (September). Termly reviews will take place to ensure redundancy is maintained/increased and will be updated on our rolling budget. If a member of staff leaves the surplus will be released by agreement with the committee.

The money held in our accounts will be solely used for the purposes specified in our aims. Each account will hold no more than £120,000, in different banks groups due the FSCS. If there is any money over the stated amount, the committee will be contacted and an agreement on moving the money will be made. This will be reviewed regularly to ensure the safety of the reserves held.

Budgets will be completed annually with projections of income and expenditure for the forthcoming year and updated on a termly basis with 'actual' income and expenditure and shared with the committee on termly committee meetings.

This Policy was agreed by Lymestone Preschool Committee
Last reviewed

Date 26/06/2024
Date: 19/12/2025