



Financial Reserve and Investment Policy

Bradpole Preschool committee agreed that ensuring the financial viability of the preschool is vastly important to both the staff and the children.

The pre-school needs financial reserves to ensure we can meet ongoing cost in the event of:

- Cover running costs (salaries, insurance, rent, utilities) during periods of lower income (e.g. insufficient take-up of pre-school places, pre-school policy changes or following falls in fundraising).
- Replace equipment as it wears out and carry out necessary building maintenance;
- Relocate the Preschool from its current location/premises if the situation arises.
- Ensure there are sufficient cash reserves in the current account to cover day-to-day running costs.

To determine the level of reserve funds required by the preschool, the committee uses the following information:

- Estimated running costs/expenditure for 1 full term. 'All groups are recommended to have at least three month's expenditure in reserve and a sum which covers the calculated redundancy liability' (Managing a Charitably Constituted Setting, PSLA).

The committee has decided to set our Financial Reserve Fund at £40,000.

The Committee will monitor the actual level of reserves and compare with the target level no less than once a year (at the financial year-end). In the event of reserves falling significantly below the target level, the Preschool will aim to restore the reserves as soon as possible by increasing fundraising, increasing earned income, or reducing expenditure.

Similarly, if reserves are significantly above the target level, the Committee will put in place a plan as soon as possible, aiming to eliminate the excess within four years by spending money to enhance the quality of Preschool provision, or otherwise further the aims of the Preschool, or by reducing fundraising. The Committee will not, however, take any steps that might call into question the ability of the Preschool to continue as a financially viable operation in the long term. In particular, it will not plan to use excess reserves to cover essential running costs.

The reserve funds and any funds that have been set aside for future projects will be kept in the Savings account, which runs at a higher rate of interest to the current account. This shall be the only investment for the Preschool as it is low to no risk.

This policy was adopted at a meeting of: The Committee of Bradpole Preschool

Held during Autumn term 2025

Date to be reviewed: Autumn term 2026