

## Reserves

The financial security of Melbourn Playgroup and Out of School Club is important so money will be kept in reserve for unforeseen circumstances.

We aim to hold sufficient financial reserves in order to:

- sustain Melbourn Playgroup and Out of School Club if our income falls below expected levels.
- pay potential staff redundancy payments if the setting should have to close.
- ensure there are sufficient cash reserves in the current account to cover day to day running costs.
- Meet unexpected costs e.g. maternity leave or long term sick leave.
- replace equipment as it wears out.
- fund upcoming agreed renovation projects.
- pay potential debtors should the setting close.

We will aim to hold reserves to cover running costs of the setting for 12 weeks, including staff salaries.

Reserves are held in the Cambridge Building Society in a savings account.

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

Similarly, if reserves are significantly above the target level, the setting will eliminate the excess by spending money to enhance the quality of the provision, or otherwise further the aims of the setting.

Our financial reserves will be reviewed by the committee on an annual basis and adjusted accordingly.

The committee will take the final decision as to how and when the reserve fund is used.